




3 1761 11970574 7



Digitized by the Internet Archive  
in 2023 with funding from  
University of Toronto

<https://archive.org/details/31761119705747>



HOUSE OF COMMONS

2234  
First Session—Twenty-eighth Parliament

1968

STANDING COMMITTEE

ON

REGIONAL DEVELOPMENT

Chairman: Mr. JOHN MORISON

PROCEEDINGS

No. 1 - 16

1968 - 69

THURSDAY, OCTOBER 17, 1968

INCLUDING

Appendix A

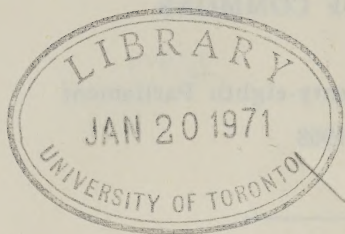
Revised Main Estimates 1968-69 of Regional Development.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1968 ★

LIBRARY

NOV - 6 1968 ★

UNIVERSITY OF TORONTO



## STANDING COMMITTEE ON REGIONAL DEVELOPMENT

*Chairman:* Mr. John Morison

*Vice-Chairman:* <sup>1</sup>Mr. Alexandre Cyr  
and Messrs.

Broadbent,	<sup>2</sup> Honey,	Mazankowski,
Brown,	Korchinski,	McGrath,
Comtois,	LeBlanc ( <i>Rimouski</i> ),	Nystrom,
Corbin,	Lessard ( <i>Lac-Saint-Jean</i> ),	Roy ( <i>Laval</i> ),
Gauthier,	Lundrigan,	Stewart ( <i>Marquette</i> ),
<sup>3</sup> Guay ( <i>Lévis</i> ),	MacDonald ( <i>Egmont</i> ),	Whiting—18.

(Quorum 11)

R. V. Virr,  
*Clerk of the Committee.*

<sup>1</sup> Replaced Mr. Leblanc (Laurier) on October 15, 1968.

<sup>2</sup> Replaced Mr. Guay (Lévis) on October 15, 1968.

<sup>3</sup> Replaced Mr. Rock on October 16, 1968.



## ORDERS OF REFERENCE

HOUSE OF COMMONS

TUESDAY, October 8, 1968.

*Resolved*,—That the following Members do compose the Standing Committee on Regional Development:

Messrs.

Broadbent,	Leblanc ( <i>Laurier</i> ),	Morison,
Brown,	LeBlanc ( <i>Rimouski</i> ),	Nystrom,
Comtois,	Lessard ( <i>Lac-Saint-Jean</i> ),	Rock,
Corbin,	Lundrigan,	Roy ( <i>Laval</i> ),
Gauthier,	MacDonald ( <i>Egmont</i> ),	Stewart ( <i>Marquette</i> ),
Guay ( <i>Lévis</i> ),	Mazankowski,	Whiting—(20).
Korchinski,	McGrath,	

TUESDAY, October 15, 1968.

*Ordered*,—That the names of Messrs. Cyr and Honey be substituted for those of Messrs. Leblanc (*Laurier*) and Guay (*Lévis*) on the Standing Committee on Regional Development.

WEDNESDAY, October 16, 1968.

*Ordered*,—That the name of Mr. Guay (*Lévis*) be substituted for that of Mr. Rock on the Standing Committee on Regional Development.

WEDNESDAY, October 16, 1968.

*Ordered*,—That, saving always the powers of the Committee of Supply in relation to the voting of public moneys, the items listed in the Revised Main Estimates for 1968-69, relating to the Cape Breton Development Corporation and Regional Development, be withdrawn from the Committee of Supply and referred to the Standing Committee on Regional Development.

ATTEST:

ALISTAIR FRASER,

*The Clerk of the House of Commons,*





## MINUTES OF PROCEEDINGS

THURSDAY, October 17, 1968.

(1)

The Standing Committee on Regional Development met this day at 11:35 o'clock a.m. for the purposes of organization.

*Members present:* Messrs. Brown, Comtois, Corbin, Cyr, Gauthier, Honey, Korchinski, LeBlanc (*Rimouski*), Lessard (*Lac-Saint-Jean*), Lundrigan, Mazankowski, McGrath, Morison, Nystrom, Stewart (*Marquette*), Whiting—(16).

*Also present:* Mr. Smerchanski, M.P.

The Clerk attending and having called for nominations, it was moved by Mr. Corbin, seconded by Mr. Whiting that Mr. John Morison be elected Chairman of this Committee.

There being no other nominations, the Clerk put Mr. Corbin's motion and it was *resolved* in the affirmative.

Mr. Morison took the Chair and thanked the Committee for the honour.

The Chairman called for nominations for the election of a Vice-Chairman.

It was moved by Mr. Brown, seconded by Mr. LeBlanc (*Rimouski*) that Mr. Alexandre Cyr be elected Vice-Chairman. Mr. Whiting moved that nominations be closed.—Agreed.

The Chairman put Mr. Brown's motion and it was *resolved* in the affirmative.

On motion of Mr. McGrath, seconded by Mr. Lessard (*Lac-Saint-Jean*),

*Agreed*,—That the Subcommittee on Agenda and Procedure be comprised of the Chairman, the Vice-Chairman and *Four* other members appointed by the Chairman after the usual consultations with the *Whips* of the different parties.

The Chairman stated that he would call a meeting of the Sub-Committee shortly. On motion of Mr. Cyr, seconded by Mr. Corbin,

*Agreed*,—That the Committee print 750 copies in English and 450 copies in French of its Minutes of Proceedings and Evidence.

On motion of Mr. McGrath, seconded by Mr. Cyr,

*Agreed*,—That the items listed in the Revised Main Estimates for 1968-69 relating to the Department of Regional Development be printed as an appendix in Issue No. 1 of the Proceedings of this Committee. (*See Appendix "A"*)

At 11:40 o'clock a.m., Mr. Whiting moved that the Committee adjourn to the call of the Chair.

R. V. Virr,  
*Clerk of the Committee.*





REGIONAL DEVELOPMENT

APPENDIX "A"

REGIONAL DEVELOPMENT

REVISED ESTIMATES, 1968-69

## REGIONAL DEVELOPMENT\*

No. of Vote	Service	1968-69	1967-68	Change	
				Increase	Decrease
		\$	\$	\$	\$
	A—GENERAL				
(S)	Minister of Forestry and Rural Development—Salary and Motor Car Allowance (Details, page 426) .....	17,000	17,000		
1	Administration, Operation and Maintenance, including Canada's fee for membership in the International Commission on Irrigation and Drainage (Details, page 426) .....	17,887,200	16,802,300	1,084,900	
5	Construction or Acquisition of Buildings, Works, Land and Equipment including authority to make recoverable advances in amounts not exceeding in the aggregate the amount of the share of the Province of New Brunswick of the cost of the Petitcodiac River Dam Project and the share of the Province of Nova Scotia of the cost of the Avon River Causeway Dam project (Details, page 432) .....	11,657,400	16,253,700		4,596,300
10	Grants, subventions and payments as detailed in the Estimates (Details, page 434) .....	30,911,000	28,402,000	2,509,000	
(S)	Fund for Rural Economic Development—Project Payments (Details, page 435) .....	9,600,000	11,000,000		1,400,000
(S)	Incentives for the development of industrial employment opportunities in designated areas in Canada (Details, page 435) .....	33,600,000	29,000,000	4,600,000	
(S)	Payments to the Atlantic Development Board to be credited to the Atlantic Development Fund to finance and assist in financing programs and projects as contemplated by the Atlantic Development Board Act (Details, page 435) .....	33,024,000	33,000,000	24,000	
(S)	Federal share of costs of trunk highway program for the Provinces of Newfoundland, Nova Scotia, Prince Edward Island, and New Brunswick in accordance with agreements entered into by the Atlantic Development Board and the respective Provinces (Details, page 435) .....	17,077,000	22,000,000		4,923,000
(S)	Federal share of the cost of special housing assistance and mobility assistance to residents of Bell Island, Newfoundland (Details, page 435) .....	350,000	1,000,000		650,000
		154,106,600	157,458,000		3,351,400
	SUMMARY				
	To be voted .....	60,455,600	61,458,000		1,002,400
	Authorized by Statute .....	93,668,000	96,017,000		2,349,000
		154,123,600	157,475,000		3,351,400

\*including the Agricultural and Rural Development Act function and the Fund for Rural Economic Development (formerly under Forestry and Rural Development), the Atlantic Development Board (formerly reporting through the Minister of National Health and Welfare), the Area Development Agency functions (formerly under Industry), the Experimental Projects Branch (formerly under Manpower and Immigration), and the provision formerly under Agriculture for Land Rehabilitation, Irrigation and Water Storage, and related administrative expenses.



No. of Vote	Service	1968-69	1967-68	Change	
				Increase	Decrease
		\$	\$	\$	\$
	<b>B—NATIONAL CAPITAL COMMISSION*</b>				
20	Operation and Maintenance, General Administration and interest charges on outstanding loans that were made for the purpose of acquiring property in the National Capital Region (Details, page 436).....	9,500,000	8,450,000	1,050,000	
25	Payment to the National Capital Fund (Details, page 436).....	15,000,000	14,650,000	350,000	
		<b>24,500,000</b>	<b>23,100,000</b>	<b>1,400,000</b>	
	<b>C—CAPE BRETON DEVELOPMENT CORPORATION**</b>				
(S)	Payments to the Cape Breton Development Corporation pursuant to sections 19 and 24 of the Cape Breton Development Corporation Act (Details, page 438).....	10,500,000	.....	10,500,000	
35	Payment to the Cape Breton Development Corporation to be applied by the Corporation in payment of the losses incurred in the operation and maintenance in the calendar year 1968 of the coal mining and related works and undertakings acquired by the Corporation under section 9 of the Cape Breton Development Corporation Act and, notwithstanding section 31(2) of the said Act, for grants to municipalities on Cape Breton Island not exceeding an amount equal to the taxes that might have been levied for their 1968 fiscal year by the municipalities in respect of the personal property of the Corporation if the Corporation were not an agent of Her Majesty (Details, page 438).....	20,000,000	.....	20,000,000	
40	Payments to the Cape Breton Development Corporation in accordance with terms and conditions prescribed by the Governor in Council, in respect of the rationalization and operation of the McBean Mine in Pictou County, Nova Scotia, and to and in respect of former employees of Acadia Coal Company Limited, and to authorize Cape Breton Development Corporation to manage and operate the McBean Mine pursuant to the terms of an agreement between the Corporation and The Pictou County Research and Development Commission and Thorburn Mining Limited (Details, page 438).....	930,000	.....	930,000	
		31,430,000	.....	31,430,000	
	<b>SUMMARY</b>				
	To be voted.....	20,930,000	.....	20,930,000	
	Authorized by Statute.....	10,500,000	.....	10,500,000	
		<b>31,430,000</b>	<b>.....</b>	<b>31,430,000</b>	

\*Formerly reporting through the Minister of Public Works.

\*\*Formerly reporting through the Minister of Energy, Mines and Resources.

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		<b>A—GENERAL</b>		
		<b>Approximate Value of Major Services not included in these Estimates</b>		
		Accommodation (provided by the Department of Public Works).....	1,213,200	628,200
		Accommodation (in this Department's own buildings). Accounting and cheque issue services (Comptroller of the Treasury).....	594,600	511,500
		Contributions to Superannuation Account (Treasury Board).....	522,800	324,800
		Contributions to Canada Pension Plan Account and Quebec Pension Plan Account (Treasury Board)....	1,455,900	857,100
		Employee surgical-medical insurance premiums (Treas- ury Board).....	207,000	116,000
		Employee compensation payments (Department of Labour).....	38,100	75,900
		Carrying of franked mail (Post Office Department).....	15,500	17,200
			35,000	29,800
			4,082,100	2,560,500
		<b>Statutory—Minister of Forestry and Rural Development—Salary and Motor Car Allowance</b>		
		Salary.....(1)	15,000	15,000
		Motor Car Allowance.....(1)	2,000	2,000
			17,000	17,000
		<b>Vote 1—Administration, Operation and Maintenance including Canada's fee for membership in the International Commission on Irrigation and Drainage</b>		
		<b>ADMINISTRATION</b>		
		<b>Salaried Positions:</b>		
		Executive, Scientific and Professional:		
1	1	Deputy Minister (\$26,500)		
	2	Senior Officer 1 (\$16,500-\$21,250)		
	1	Senior Economist 1 (\$16,500-\$21,250)		
		(\$16,000-\$18,000)		
1	3	(\$14,000-\$16,000)		
	2	(\$12,000-\$14,000)		
1	1	(\$10,000-\$12,000)		
	2	(\$ 8,000-\$10,000)		
		<b>Administrative and Foreign Service:</b>		
4		(\$18,000-\$21,000)		
	2	(\$16,000-\$18,000)		
2	6	(\$14,000-\$16,000)		
3	3	(\$12,000-\$14,000)		
5	10	(\$10,000-\$12,000)		
12	27	(\$ 8,000-\$10,000)		
3	3	(\$ 6,000-\$ 8,000)		
		<b>Technical, Operational and Service:</b>		
3	4	(\$12,000-\$14,000)		
5	3	(\$8,000-\$10,000)		
12	29	(\$6,000-\$8,000)		
8	24	(\$4,000-\$6,000)		
1		(Under \$4,000)		

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		A—GENERAL (Continued)		
		<b>Vote 1 (Continued)</b>		
		Salaried Positions: (Continued)		
		Administrative Support:		
1	1	(\$8,000-\$10,000)		
8	8	(\$6,000-\$8,000)		
31	65	(\$4,000-\$6,000)		
7	26	(Under \$4,000)		
108	223			
(108)	(223)	Continuing Establishment.....	662,200	1,392,200
(1)	(3)	Casuals and Others.....	2,000	6,000
(109)	(226)	Salaries and Wages..... (1)	664,200	1,398,200
		Overtime..... (1)	500	1,300
		Travelling and Removal Expenses..... (2)	75,100	95,000
		Freight, Express and Cartage..... (2)	3,500	5,200
		Postage..... (2)	1,400	3,000
		Telephones and Telegrams..... (2)	15,200	25,800
		Publication of Departmental Reports and other		
		Material..... (3)		11,800
		Advertising..... (3)		1,500
		Professional and Special Services..... (4)	15,500	60,700
		Repairs and Upkeep of Equipment..... (6)	1,500	1,900
		Office Stationery, Supplies and Equipment..... (7)	26,100	46,800
		Materials and Supplies..... (7)	4,000	32,800
		Acquisition of Equipment and Furnishings..... (9)	10,300	27,900
		Sundries..... (12)	2,000	2,600
			819,300	1,714,500
		Expenditure		
		1965-66..... \$ 968,560		
		1966-67..... 1,288,244		
		1967-68 (estimated)..... 1,672,000		
		AGRICULTURAL AND RURAL DEVELOPMENT ACT PROGRAM, RURAL ECONOMIC DEVELOPMENT ACT PROGRAM AND MARI- TIME MARSHLAND REHABILITATION ACT PROGRAM		
		Salaried Positions:		
		Executive, Scientific and Professional:		
1	1	Senior Officer 3 (\$20,500-\$25,750)		
3	5	Senior Officer 2 (\$18,500-\$23,500)		
1		Senior Officer 1 (\$16,500-\$21,250)		
19		Senior Economist 1 (\$16,500-\$21,250)		
5	11	(\$18,000-\$21,000)		
6	9	(\$16,000-\$18,000)		
2	2	(\$14,000-\$16,000)		
8	2	(\$12,000-\$14,000)		
3	8	(\$10,000-\$12,000)		
		(\$8,000-\$10,000)		
		Administrative and Foreign Service:		
3		(\$18,000-\$21,000)		
4		(\$16,000-\$18,000)		
2	2	(\$14,000-\$16,000)		
2	2	(\$12,000-\$14,000)		
12		(\$10,000-\$12,000)		
9	6	(\$8,000-\$10,000)		
		Technical, Operational and Service:		
18	10	(\$14,000-\$16,000)		
6	6	(\$12,000-\$14,000)		
7	5	(\$8,000-\$10,000)		
22	24	(\$6,000-\$8,000)		
9	11	(\$4,000-\$6,000)		



Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		A—GENERAL (Continued)		
		Vote 1 (Continued)		
		Salaried Positions: (Continued)		
		Administrative Support:		
9	4	(\$6,000-\$8,000)		
69	42	(\$4,000-\$6,000)		
11	9	(Under \$4,000)		
5	5	Prevailing Rate Positions: (Full Time)		
236	164	Continuing Establishment.....	1,620,900	1,114,600
(236)	(164)	Casuals and Others.....	82,400	76,500
(17)	(17)			
(253)	(181)	Salaries and Wages.....(1)	1,703,300	1,191,100
		Overtime.....(1)	3,300	3,100
		Unemployment Insurance Contributions.....(1)	2,500	1,500
		Memberships.....(1)	300	200
		Travelling and Removal Expenses.....(2)	184,000	172,000
		Freight, Express and Cartage.....(2)	1,300	1,300
		Postage.....(2)	1,900	800
		Telephones and Telegrams.....(2)	34,000	25,000
		Publication of Departmental Reports and other Material.....(3)	216,000	212,000
		Professional and Special Services.....(4)	409,000	360,000
		Repairs and Upkeep of Buildings and Works.....(6)	250,000	90,000
		Repairs and Upkeep of Equipment.....(6)	16,900	20,000
		Office Stationery, Supplies and Equipment.....(7)	34,600	43,500
		Materials and Supplies.....(7)	27,500	32,000
		Expenses of the Canadian Council on Rural Devel- opment.....(12)	100,000	100,000
		Sundries.....(12)	4,500	4,000
			2,989,100	2,256,500
		Expenditure		
		1965-66.....\$ 789,938		
		1966-67.....1,265,747		
		1967-68 (estimated).....2,152,140		
		ATLANTIC DEVELOPMENT BOARD		
		Salaried Positions:		
		Executive, Scientific and Professional:		
1	1	Executive Director (\$24,250)		
1		Senior Officer 2 (\$18,500-\$23,500)		
3	2	Senior Officer 1 (\$16,500-\$21,250)		
8		(\$18,000-\$21,000)		
6	8	(\$16,000-\$18,000)		
5	11	(\$14,000-\$16,000)		
2	1	(\$12,000-\$14,000)		
7		(\$10,000-\$12,000)		
	8	(\$8,000-\$10,000)		
4	4	(\$6,000-\$8,000)		
		Administrative and Foreign Service:		
1	1	(\$14,000-\$16,000)		
2	1	(\$10,000-\$12,000)		
2	2	(\$6,000-\$8,000)		
		Administrative Support:		
2	4	(\$6,000-\$8,000)		
27	26	(\$4,000-\$6,000)		
5	4	(Under \$4,000)		
76	73			

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		A—GENERAL (Continued)		
		<b>Vote 1 (Continued)</b>		
		ATLANTIC DEVELOPMENT BOARD (Continued)		
(76)	(73)	Continuing Establishment.....	715,000	650,000
(2)	(2)	Casuals and Others.....	15,000	5,000
(78)	(75)	Salaries and Wages.....(1)	730,000	655,000
		Overtime.....(1)	500	500
		Pensions, Superannuation and other Benefits.....(1)	43,000	33,000
		Travelling and Removal Expenses.....(2)	59,000	100,000
		Postage.....(2)	2,000	1,000
		Telephones and Telegrams.....(2)	25,000	12,000
		Publication of Departmental Reports and other Material.....(3)	5,000	2,500
		Professional and Special Services.....(4)	1,638,000	1,824,000
		Office Stationery, Supplies and Equipment.....(7)	26,500	20,000
		Sundries.....(12)	6,000	15,000
			2,535,000	2,663,000
		Expenditure		
		1965-66.....\$ 800,723		
		1966-67.....1,825,479		
		1967-68 (estimated).....2,557,596		
		AREA DEVELOPMENT AGENCY		
		Salaried Positions:		
1		Executive, Scientific and Professional:		
		Commissioner, Area Development Agency		
		(\$24,250)		
1		Deputy Commissioner, Area Development		
		Agency (\$21,250)		
2		(\$16,000-\$18,000)		
2		(\$12,000-\$14,000)		
		Administrative and Foreign Service:		
3		(\$16,000-\$18,000)		
4		(\$14,000-\$16,000)		
15		(\$12,000-\$14,000)		
7		(\$10,000-\$12,000)		
4		(\$8,000-\$10,000)		
2		(\$6,000-\$8,000)		
		Administrative Support:		
16		(\$4,000-\$6,000)		
14		(Under \$4,000)		
71		Salaries.....(1)	662,000	
(71)		Travelling and Removal Expenses.....(2)	61,550	
		Postage.....(2)	1,500	
		Telephones and Telegrams.....(2)	17,350	
		Publication of Reports and other Material.....(3)	33,750	
		Exhibits, Displays, Advertising and Visual Aids.....(3)	54,000	
		Professional and Special Services.....(4)	288,500	
		Office Stationery, Supplies and Equipment.....(7)	18,100	
		Expenses of Conferences, Seminars, and Sundries... (12)	1,750	
			1,138,500	
		Expenditure		
		1965-66.....\$.....		
		1966-67.....		
		1967-68 (estimated).....		

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		A—GENERAL (Continued)		
		Vote 1 (Continued)		
		EXPERIMENTAL PROJECTS BRANCH		
		Salaried Positions:		
		Executive, Scientific and Professional:		
1	1	Senior Officer 1 (\$16,500-\$21,250)		
		Administrative and Foreign Service:		
1	5	(\$16,000-\$18,000)		
9	7	(\$14,000-\$16,000)		
4		(\$8,000-\$10,000)		
		Administrative Support:		
3	9	(\$4,000-\$6,000)		
18	22			
(18)	(22)			
		Salaries.....(1)	183,800	218,800
		Living and Other Allowances.....(1)	5,000	1,000
		Overtime.....(1)	1,000	
		Travelling and Removal Expenses.....(2)	28,300	14,600
		Freight, Express and Cartage.....(2)	2,000	5,600
		Postage.....(2)		1,000
		Telephones, Telegrams and other Communication Services.....(2)	2,000	2,000
		Publication of Departmental Reports and other Material.....(3)	30,000	15,000
		Exhibits, Advertising, Films, Broadcasting and Displays.....(4)	10,000	4,000
		Professional and Special Services.....(4)	203,700	200,600
		Rental of Equipment.....(5)	500	500
		Office Stationery, Supplies and Equipment.....(7)	12,000	11,000
		Construction or Acquisition of Equipment and Furnishings.....(9)	1,500	5,700
		Sundries.....(12)	500	500
			480,300	480,300
		Expenditure		
		1965-66.....\$		
		1966-67.....366,100		
		1967-68 (estimated).....415,000		
		IRRIGATION AND WATER STORAGE PROJECTS IN THE WESTERN PROVINCES INCLUDING THE SOUTH SASKATCHEWAN RIVER PROJECT, THE PRAIRIE FARM REHABILITATION ACT PROGRAM, LAND PROTECTION, RECLAMATION AND DEVELOPMENT AND CANADA'S FEE FOR MEMBERSHIP IN THE INTERNATIONAL COMMISSION ON IRRIGATION AND DRAINAGE		
		Salaried Positions:		
		Executive, Scientific and Professional:		
1		Director, Prairie Farm Rehabilitation Act (\$21,250)		
3	2	(\$18,000-\$21,000)		
3	2	(\$16,000-\$18,000)		
9	13	(\$14,000-\$16,000)		
16	15	(\$12,000-\$14,000)		
79	21	(\$10,000-\$12,000)		
	58	(\$8,000-\$10,000)		
1		(\$6,000-\$8,000)		



Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		A—GENERAL (Continued)		
		Vote 1 (Continued)		
		IRRIGATION AND WATER STORAGE PROJECTS (Continued)		
		Salaried Positions: (Continued)		
		Administrative and Foreign Service:		
2	2	(\$16,000-\$18,000)		
4	3	(\$14,000-\$16,000)		
4	4	(\$12,000-\$14,000)		
10	8	(\$10,000-\$12,000)		
34	27	(\$8,000-\$10,000)		
2	3	(\$6,000-\$8,000)		
		Technical, Operational and Service:		
1		(\$12,000-\$14,000)		
9	9	(\$10,000-\$12,000)		
62	25	(\$8,000-\$10,000)		
203	201	(\$6,000-\$8,000)		
290	348	(\$4,000-\$6,000)		
19	19	(Under \$4,000)		
41	44	(Seasonal)		
		Administrative Support:		
10	9	(\$6,000-\$8,000)		
122	95	(\$4,000-\$6,000)		
10	15	(Under \$4,000)		
		Prevailing Rate Positions:		
129	137	(Full Time)		
113	115	(Seasonal)		
1,177	1,175			
(1,127)	(1,124)	Continuing Establishment.....	6,139,200	6,031,000
(85)	(70)	Casuals and Others.....	306,000	245,000
(1,212)	(1,194)			
		Salaries and Wages.....(1)	6,445,200	6,276,000
		Overtime.....(1)	152,800	135,000
		Unemployment Insurance Contributions.....(1)	13,800	14,800
		Travelling and Removal Expenses.....(2)	526,300	510,200
		Freight, Express and Cartage.....(2)	16,300	14,200
		Postage.....(2)	14,000	14,000
		Telephones and Telegrams.....(2)	100,300	90,800
		Publication of Reports and other Material.....(3)	9,000	9,000
		Advertising for Tenders.....(3)	9,400	12,800
		Professional and Special Services.....(4)	165,800	189,700
		Rental of Land and Buildings.....(5)	18,700	14,300
		Rental of Equipment and Furnishings.....(5)	180,700	150,700
		Repairs and Upkeep of Buildings, Structures and Works.....(6)	971,800	1,069,200
		Repairs and Upkeep of Equipment and Furnishings..(6)	367,800	369,400
		Office Stationery, Supplies and Equipment.....(7)	74,000	78,000
		Fuel for Heating.....(7)	15,000	26,600
		Other Materials and Supplies.....(7)	675,700	562,500
		Municipal or Public Utility Services.....(7)	143,400	124,800
		Membership in the International Commission on Irrigation and Drainage.....(10)	1,000	1,000
		Assistance in Moving and Re-establishment of Settlers.....(10)		1,000
		Sundries.....(12)	24,000	24,000
			9,925,000	9,688,000

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		A—GENERAL (Continued)		
		Vote 1 (Continued)		
		IRRIGATION AND WATER STORAGE PROJECTS (Continued)		
		(Further Details)		
		Administration.....	822,000	752,000
		Community Pastures.....	1,800,000	1,748,000
		Water Development.....	928,000	937,000
		Irrigation Projects, Southwestern Saskatchewan.....	370,000	365,000
		Supply, Equipment and Service Depot.....	901,000	872,000
		Tree Nursery Station.....	632,000	594,000
		Bow River Irrigation Project.....	1,075,000	1,145,000
		Engineering Services for Major Irrigation, Reclamation and Conservation Projects.....	2,324,000	2,425,000
		Buffalo Pound Lake Reservoir.....	5,000	10,000
		St. Mary Irrigation Project.....	315,000	213,000
		South Saskatchewan River Project.....	753,000	629,000
			9,925,000	9,688,000
		Expenditure Revenue		
		1965-66..... \$ 8,737,867 \$2,471,818		
		1966-67..... 9,164,723 2,719,479		
		1967-68 (estimated)..... 9,688,000 2,759,000		
		Total, Vote 1.....	17,887,200	16,802,300
		Expenditure Revenue		
		1965-66..... \$..... \$ 2,471,818		
		1966-67..... 2,719,479		
		1967-68 (estimated)..... 2,759,000		
		Vote 5—Construction or Acquisition of Buildings, Works, Land and Equipment including au- thority to make recoverable advances in amounts not exceeding in the aggregate the amount of the share of the Province of New Brunswick of the cost of the Petitediac River Dam Project and the share of the Province of Nova Scotia of the cost of the Avon River Causeway Dam project		
		AGRICULTURAL AND RURAL DEVELOPMENT ACT PROGRAM AND MARITIME MARSHLAND REHABILITA- TION ACT PROGRAM INCLUDING AUTHORITY TO MAKE RECOVERABLE ADVANCES IN AMOUNTS NOT EXCEEDING IN THE AGGREGATE THE AMOUNT OF THE SHARE OF THE PROVINCE OF NEW BRUNS- WICK OF THE COST OF THE PETITCODIAC RIVER DAM PROJECT AND THE SHARE OF THE PROVINCE OF NOVA SCOTIA OF THE COST OF THE AVON RIVER CAUSEWAY DAM PROJECT		
		Construction or Acquisition of Buildings, Works, and Land..... (8)	2,262,500	2,161,600
		Construction or Acquisition of Equipment and Fur- nishings..... (9)	93,400	33,800
			2,355,900	2,195,400

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		A—GENERAL (Continued)		
		<b>Vote 5 (Continued)</b>		
		AGRICULTURAL AND RURAL DEVELOPMENT ACT (Continued)		
		Less—Amount recoverable from the Province of New Brunswick on account of the Petitcodiac River Dam Project and the Province of Nova Scotia on account of the Avon River Causeway Dam Project..... (13)	912,500	588,700
			1,443,400	1,608,700
		Expenditure		
		1965-66..... \$ 359,184		
		1966-67..... 880,748		
		1967-68 (estimated)..... 1,255,000		
		IRRIGATION AND WATER STORAGE PROJECTS IN THE WESTERN PROVINCES INCLUDING THE SOUTH SASKATCHEWAN RIVER PROJECT, THE PRAIRIE FARM REHABILITATION ACT PROGRAM, LAND PROTECTION, RECLAMATION AND DEVELOPMENT		
		Purchase of Livestock..... (7)	175,000	175,000
		Construction or Acquisition of Buildings, Works and Land..... (8)	9,498,000	13,997,600
		Construction or Acquisition of Equipment and Fur- nishings..... (9)	541,000	472,400
			10,214,000	14,645,000
		(Further Details)		
		Community Pastures.....	918,000	875,000
		Water Development.....	1,157,000	2,430,000
		Supply, Equipment and Service Depot.....	422,000	430,000
		Tree Nursery Station.....	91,000	203,000
		Bow River Irrigation Project.....	379,000	595,000
		Buffalo Pound Lake Reservoir.....	1,000	10,000
		St. Mary Irrigation Project.....	263,000	400,000
		South Saskatchewan River Project.....	1,243,000	3,517,000
		Shellmouth Dam and Portage Diversion.....	5,710,000	6,155,000
		Assiniboine and Qu'Appelle Rivers-Dyking and Cut-Offs	30,000	30,000
			10,214,000	14,645,000
		Expenditure Revenue		
		1965-66..... \$ 25,080,023 \$1,838,879		
		1966-67..... 16,876,095 2,750,000		
		1967-68 (estimated)..... 14,295,000 2,225,000		
		<b>Total, Vote 5</b> .....	<b>11,657,400</b>	<b>16,253,700</b>
		Expenditure Revenue		
		1965-66..... \$ 25,439,207 \$ 1,838,879		
		1966-67..... 17,756,843 2,750,000		
		1967-68 (estimated)..... 15,550,000 2,225,000		



Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		A—GENERAL (Continued)		
		<b>Vote 10—Grants, subventions and payments as detailed in the Estimates</b>		
		PAYMENTS IN RESPECT OF PROJECTS AND PROGRAMS UNDER THE AGRICULTURAL AND RURAL DEVELOPMENT ACT, AND PAYMENTS TO PROVINCES PURSUANT TO AGREEMENTS ENTERED INTO UNDER THAT ACT		
		Contributions to the Provinces..... (12)	18,000,000	18,000,000
		Other Payments..... (12)	8,048,000	4,000,000
			26,048,000	22,000,000
		Expenditure		
		1965-66..... \$ 13,010,985		
		1966-67..... 17,883,171		
		1967-68 (estimated)..... 23,500,000		
		SUBVENTIONS IN RESPECT TO EASTERN COAL UNDER AGREEMENTS ENTERED INTO PURSUANT TO THE ATLANTIC PROVINCES POWER DEVELOPMENT ACT.. (10)	3,000,000	3,000,000
		Expenditure		
		1965-66..... \$ 2,457,648		
		1966-67..... 2,843,226		
		1967-68 (estimated)..... 3,000,000		
		GRANTS TO UNIVERSITIES AND REGIONAL DEVELOPMENT ASSOCIATIONS, AS APPROVED BY TREASURY BOARD, TO PROMOTE AREA DEVELOPMENT..... (10)	13,000	12,000
		Expenditure		
		1965-66..... \$11,000		
		1966-67..... 30,000		
		1967-68 (estimated)..... 12,000		
		PAYMENTS IN ACCORDANCE WITH AGREEMENTS APPROVED BY THE GOVERNOR IN COUNCIL BETWEEN THE MINISTER OF MANPOWER AND IMMIGRATION AND ANY PROVINCE, AGENCY OR PERSON TO MAKE PAYMENTS OF UP TO 100% OF THE COST OF CARRYING ON RESEARCH IN CONNECTION WITH THE UTILIZATION OF MANPOWER RESOURCES IN CANADA INCLUDING THE DEVELOPMENT OF EXPERIMENTAL TRAINING METHODS AND TECHNIQUES AND THE PAYMENT OF TRAINING ALLOWANCES..... (10)	1,850,000	3,390,000
		Expenditure		
		1965-66..... \$.....		
		1966-67..... 750,000		
		1967-68 (estimated)..... 3,390,000		
		<b>Total, Vote 10.....</b>	<b>30,911,000</b>	<b>28,402,000</b>
		Expenditure		
		1965-66..... \$ 15,479,633		
		1966-67..... 21,506,637		
		1967-68 (estimated)..... 29,902,000		

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		A—GENERAL (Continued)		
		<b>Statutory—Fund for Rural Economic Development—Project Payments..... (10)</b>	<b>9,600,000</b>	<b>11,000,000</b>
		Expenditure		
		1965-66..... \$.....		
		1966-67.....		
		1967-68 (estimated)..... 5,000,000		
		<b>Statutory—Incentives for the development of industrial employment opportunities in designated areas in Canada (Chap. 12 Statutes of 1965 and Industry Vote 15g, Appropriation Act No. 2, 1967)..... (10)</b>	<b>33,600,000</b>	<b>29,000,000</b>
		Expenditure		
		1965-66..... \$.....		
		1966-67..... 1,151,759		
		1967-68 (estimated)..... 24,850,000		
		<b>Statutory—Payments to the Atlantic Development Board to be credited to the Atlantic Development Fund to finance and assist in financing programs and projects as contemplated by the Atlantic Development Board Act, Statutes of 1962-63, Chapter 10..... (10)</b>	<b>33,024,000</b>	<b>33,000,000</b>
		Expenditure		
		1965-66..... \$ 20,859,189		
		1966-67..... 29,566,960		
		1967-68 (estimated)..... 30,000,000		
		<b>Statutory—Federal share of costs of trunk highway program for the Provinces of Newfoundland, Nova Scotia, Prince Edward Island and New Brunswick in accordance with agreements entered into by the Atlantic Development Board and the respective Provinces (Transport, Vote 112, Appropriation Act No. 2, 1966; and Transport, Vote 95a, Appropriation Act No. 7, 1967)..... (10)</b>	<b>17,077,000</b>	<b>22,000,000</b>
		Expenditure		
		1965-66..... \$ 2,095,447		
		1966-67..... 8,556,811		
		1967-68 (estimated)..... 22,000,000		
		<b>Statutory—Federal share of the cost of special housing assistance and mobility assistance to residents of Bell Island, Newfoundland (Transport Vote 100a, Appropriation Act No. 7, 1967)..... (10)</b>	<b>350,000</b>	<b>1,000,000</b>
		Expenditure		
		1965-66..... \$.....		
		1966-67.....		
		1967-68 (estimated)..... 800,000		

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		B—NATIONAL CAPITAL COMMISSION		
		<b>Vote 20—Operation and Maintenance, General Administration and interest charges on outstanding loans that were made for the purpose of acquiring property in the National Capital Region</b>		
		OPERATION AND MAINTENANCE OF PARKS, PARKWAYS AND GROUNDS ADJOINING GOVERNMENT BUILDINGS AT OTTAWA AND HULL, MAINTENANCE OF OTHER PROPERTIES AND GENERAL ADMINISTRATION		
		Executive Offices.....	415,000	335,000
		Finance and Administration.....	465,000	246,000
		Planning and Design.....	1,175,000	636,000
		Operation and Maintenance.....	3,550,000	3,237,000
		Employee Benefits.....		216,000
		Grants in lieu of Taxes.....	475,000	390,000
		Capital Expenditures for Operating and Office Equipment.....	120,000	130,000
		(12)	6,200,000	5,190,000
		Less—Estimated revenues from the sales of supplies, rental of equipment and from services rendered (13)	250,000	210,000
			5,950,000	4,980,000
		Expenditure Revenue		
		1965-66..... \$ 3,968,633 \$ 187,991		
		1966-67..... 4,312,000 200,000		
		1967-68 (estimated)..... 5,190,000 210,000		
		INTEREST CHARGES ON OUTSTANDING LOANS THAT WERE MADE FOR THE PURPOSE OF ACQUIRING PROPERTY IN THE NATIONAL CAPITAL REGION		
		Interest charges..... (12)	3,980,000	3,970,000
		Less—Estimated revenues from the rental of properties and interest income..... (13)	430,000	500,000
			3,550,000	3,470,000
		Expenditure Revenue		
		1965-66..... \$ 3,253,842 \$ 513,373		
		1966-67..... 3,770,000 550,000		
		1967-68 (estimated)..... 3,970,000 500,000		
		<b>Total, Vote 20.....</b>	<b>9,500,000</b>	<b>8,450,000</b>
		Expenditure Revenue		
		1965-66..... \$ 7,222,475 \$ 701,364		
		1966-67..... 8,082,000 750,000		
		1967-68 (estimated)..... 9,160,000 710,000		
		<b>Vote 25—Payment to the National Capital Fund (12)</b>	<b>15,000,000</b>	<b>14,650,000</b>
		Expenditure		
		1965-66..... \$ 13,446,064		
		1966-67..... 25,829,000		
		1967-68 (estimated)..... 14,650,000		



Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		<b>B—NATIONAL CAPITAL COMMISSION</b> (Continued)		
		(Personnel Establishment Details)		
1	1	Chairman (\$26,500)		
1	1	General Manager (\$22,680)		
		Salaried Positions:		
		Executive, Scientific and Professional:		
2	2	(\$22,000 and above)		
8	7	(\$18,000-\$21,000)		
5	5	(\$16,000-\$18,000)		
9	4	(\$14,000-\$16,000)		
11	11	(\$12,000-\$14,000)		
7	10	(\$10,000-\$12,000)		
5	2	(\$8,000-\$10,000)		
1	1	(\$6,000-\$8,000)		
		Administrative and Foreign Service:		
1		(\$16,000-\$18,000)		
2	3	(\$14,000-\$16,000)		
9	6	(\$12,000-\$14,000)		
6	5	(\$10,000-\$12,000)		
12	10	(\$8,000-\$10,000)		
8	6	(\$6,000-\$8,000)		
1	2	(\$4,000-\$6,000)		
		Technical, Operational and Service:		
2	2	(\$10,000-\$12,000)		
11	4	(\$8,000-\$10,000)		
36	37	(\$6,000-\$8,000)		
37	32	(\$4,000-\$6,000)		
2	3	(Under \$4,000)		
		Administrative Support:		
7	7	(\$6,000-\$8,000)		
37	39	(\$4,000-\$6,000)		
28	15	(Under \$4,000)		
		Prevailing Rate Positions:		
368	417	(Full Time)		
208	190	(Seasonal)		
825 (721)	822 (739)	Continuing Establishment		

Positions (man-years)		Details of Services	Amount	
1968-69	1967-68		1968-69	1967-68
			\$	\$
		C—CAPE BRETON DEVELOPMENT CORPORATION		
		Statutory—Payments to the Cape Breton Development Corporation pursuant to sections 19 and 21 of the Cape Breton Development Corporation Act.....(12)	10,500,000	
		Vote 35—Payment to the Cape Breton Development Corporation to be applied by the Corporation in payment of the losses incurred in the operation and maintenance in the calendar year 1968 of the coal mining and related works and undertakings acquired by the Corporation under section 9 of the Cape Breton Development Corporation Act and, notwithstanding section 31(2) of the said Act, for grants to municipalities on Cape Breton Island not exceeding an amount equal to the taxes that might have been levied for their 1968 fiscal year by the municipalities in respect of the personal property of the Corporation if the Corporation were not an agent of Her Majesty.....(12)	20,000,000	
		Vote 40—Payments to the Cape Breton Development Corporation in accordance with terms and conditions prescribed by the Governor in Council, in respect of the rationalization and operation of the McBean Mine in Pictou County, Nova Scotia, and to and in respect of former employees of Acadia Coal Company Limited, and to authorize Cape Breton Development Corporation to manage and operate the McBean Mine pursuant to the terms of an agreement between the Corporation and The Pictou County Research and Development Commission and Thorburn Mining Limited.....(12)	930,000	

No. of Vote	Service	1968-69	1967-68	Change	
				Increase	Decrease
		\$	\$	\$	\$
	INDIAN AFFAIRS AND NORTHERN DEVELOPMENT (Continued)				
	Northern Transportation Company Limited				
L70	Loans to Northern Transportation Company Limited in the current and subsequent fiscal years, in accordance with terms and con- ditions prescribed by the Governor in Coun- cil, to finance the acquisition of transportation facilities for use on the Mackenzie River and Central Arctic Coast.....	6,000,000	.....	6,000,000	
	General				
—	Appropriations not required for 1968-69.....	.....	6,084,105	.....	6,084,105
		19,280,062	15,075,107	4,204,955	
	INDUSTRY AND TRADE AND COMMERCE				
	Industry				
L75	Advances, subject to the approval of the Treasury Board, to assist Canadian defence industry with plant modernization in a- mounts not to exceed one-half of the cost of the acquisition of new equipment, such advances to be recovered on sale of the equipment to defence Industry.....	8,000,000	12,000,000	.....	4,000,000
L80	Loans, under the Adjustment Assistance Program related to the Kennedy Round agreements, in the current and subsequent fiscal years and in accordance with terms and conditions prescribed by the Governor in Council, to assist manufacturers in Canada who have been determined by a board estab- lished pursuant to section 15 of the Depart- ment of Industry Act:				
	(a) to be seriously injured or threatened with serious injury by reason of increased im- ports attributable to Kennedy Round tariff reductions made by Canada re- sulting in exceptional problems of adjust- ment; and				
	(b) to be unable to obtain sufficient financ- ing on reasonable terms from other sources for purposes of making the necessary ad- justment.....	10,000,000	.....	10,000,000	
—	Appropriation not required for 1968-69.....	.....	30,000,000	.....	30,000,000
		18,000,000	42,000,000	.....	24,000,000



No. of Vote	Service	1968-69	1967-68	Change	
				Increase	Decrease
		\$	£	\$	\$
	REGIONAL DEVELOPMENT				
	General				
L85	Advances in accordance with agreements entered into pursuant to the Atlantic Provinces Power Development Act.....	53,102,000	38,285,000	14,817,000	
—	Appropriation not required for 1968-69.....		1		1
		53,102,000	38,285,001	14,816,999	
	National Capital Commission*				
L90	Loans to the National Capital Commission in accordance with section 16 of the National Capital Act for the purpose of acquiring property in the National Capital Region, excluding property being acquired for the purpose of establishing what is commonly referred to as the "Greenbelt" .....	4,500,000	4,850,000		350,000
L95	Loans to the National Capital Commission in the current and subsequent fiscal years in accordance with section 16 of the National Capital Act for the purpose of acquiring property in that area of the National Capital Region commonly referred to as the "Greenbelt" .....	400,000	2,000,000		1,600,000
		4,900,000	6,850,000		1,950,000
		58,002,000	45,135,001	12,866,999	
	SECRETARY OF STATE				
	Canadian Broadcasting Corporation				
L100	Loans in accordance with terms and conditions prescribed by the Governor in Council to the Canadian Broadcasting Corporation for the purpose of capital expenditures.....	25,000,000	30,398,000		5,398,000
	Public Archives				
—	Appropriation not required for 1968-69.....		22,500		22,500
		25,000,000	30,420,500		5,420,500
	TRANSPORT				
	General				
L105	Loans to the Fraser River Harbour Commission on terms and conditions approved by the Governor in Council to assist in financing wharf reconstruction and extension.....	1,395,000		1,395,000	
—	Appropriations not required for 1968-69.....		3,779,000		3,779,000
		1,395,000	3,779,000		2,384,000

\*Formerly reporting through the Minister of Public Works.









OFFICIAL REPORT OF MINUTES  
OF  
PROCEEDINGS AND EVIDENCE

This edition contains the English deliberations and/or a translation into English of the French.

Copies and complete sets are available to the public by subscription to the Queen's Printer. Cost varies according to Committees.

Translations under the direction of the Bureau for Translations, Secretary of State.

ALISTAIR FRASER,  
*The Clerk of the House.*

HOUSE OF COMMONS

First Session—Twenty-eighth Parliament  
1968

STANDING COMMITTEE

ON

REGIONAL DEVELOPMENT

*Chairman:* Mr. JOHN MORISON

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

THURSDAY, NOVEMBER 21, 1968

Revised Main Estimates (1968-69) of Regional Development  
including the Atlantic Development Board.

WITNESSES:

*From the Department of Forestry and Rural Development:* Mr. Tom Kent, Deputy Minister; Mr. E. G. Blake, Director of Finance and Administration.

*From the Atlantic Development Board:* Dr. E. P. Weeks, Executive Director; Mr. J. L. Miller, Director of Administration and Secretary.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1968



STANDING COMMITTEE  
ON  
REGIONAL DEVELOPMENT

*Chairman:* Mr. John Morison

*Vice-Chairman:* <sup>4</sup> Mr. Alexandre Cyr  
and Messrs.

<sup>1</sup> Breau,  
Broadbent,  
Comtois,  
<sup>5</sup> Gauthier,  
<sup>3</sup> Guay (*Lévis*),  
Honey,

Korchinski,  
LeBlanc (*Rimouski*),  
Lessard (*Lac-Saint-  
Jean*),  
Lundrigan,  
MacDonald (*Egmont*),

Mazankowski,  
McGrath,  
Nystrom,  
Roy (*Laval*),  
<sup>2</sup> Smerchanski,  
Stewart (*Marquette*),  
Whiting—20.

(Quorum 11)

R. V. Virr,  
*Clerk of the Committee.*

<sup>1</sup> Replaced Mr. Corbin on October 23, 1968.

<sup>2</sup> Replaced Mr. Brown on October 30, 1968.

<sup>3</sup> Replaced by Mr. Roberts on November 21, 1968.

<sup>4</sup> Replaced by Mr. Lefebvre on November 21, 1968.

<sup>5</sup> Replaced by Mr. Beaudoin on November 21, 1968.

## ORDERS OF REFERENCE

WEDNESDAY, October 23, 1968.

*Ordered*,—That the name of Mr. Breau be substituted for that of Mr. Corbin on the Standing Committee on Regional Development.

WEDNESDAY, October 30, 1968.

*Ordered*,—That the name of Mr. Smerchanski be substituted for that of Mr. Brown on the Standing Committee on Regional Development.

THURSDAY, November 21, 1968.

*Ordered*,—That the names of Messrs. Roberts, Lefebvre, and Beaudoin be substituted for those of Messrs. Guay (Lévis), Cyr and Gauthier on the Standing Committee on Regional Development.

ATTEST:

ALISTAIR FRASER,  
*The Clerk of the House of Commons.*

REPORT TO THE HOUSE

THURSDAY, November 21, 1968

The Standing Committee on Regional Development has the honour to present its

FIRST REPORT

Your Committee recommends that it be granted permission to sit while the House is sitting.

Respectfully submitted,

JOHN MORISON,  
*Chairman.*

(Concurred in November 25, 1968)



(Text)

## MINUTES OF PROCEEDINGS

TUESDAY, November 12, 1968.

The Standing Committee on Regional Development having been duly called to meet at 11.00 a.m., the following members were present: Messrs. Breau, Broadbent, Gauthier, Morison, Roy (*Laval*)—(5).

There being no quorum, at 11.20 a.m. the members dispersed.

R. V. Virr,  
*Clerk of the Committee.*

THURSDAY, November 21, 1968  
(2)

The Standing Committee on Regional Development met this day at 11.05 a.m., the Chairman, Mr. Morison, presiding.

*Members present:* Messrs. Breau, Comtois, Cyr, Gauthier, Lessard (*Lac-Saint-Jean*), Lundrigan, MacDonald (*Egmont*), Mazankowski, McGrath, Morison, Roy (*Laval*), Smerchanski, Stewart (*Marquette*), Whiting (14).

*Also present:* Mr. Marshall, M.P. and Mr. Ritchie, M.P.

*In attendance:* From the Department of Forestry and Rural Development: Mr. E. G. Blake, Director of Finance and Administration; From the Atlantic Development Board: Dr. E. P. Weeks, Executive Director and Mr. James L. Miller, Director of Administration and secretary of the Board.

On motion of Mr. Whiting, it was

*Agreed,*—That the Committee seek permission to sit while the House is sitting.

The Chairman introduced Mr. Blake of the Department of Forestry and Rural Development and invited him to make an opening statement regarding the Regional Development Department.

Mr. Blake reviewed the estimates of the Department and responded to questioning by the Committee.

At the request of the Members, Mr. Blake agreed to provide a breakdown of the FRED, ARDA; and Designated Area programmes for the last three years, by Provinces, and to provide additional information re note L 85—Loans, Investments and Advances.

Moved by Mr. Lundrigan,

*Agreed,*—That this data be printed as an appendix to today's Minutes of Proceedings and Evidence. (See appendices A, B, & C.)

Mr. Weeks then reviewed the responsibilities and functions of the Atlantic Development Board and responded to questions thereon.

At 1.10 p.m., there being no further questions, the Committee adjourned to the call of the Chair.

R. V. Virr,  
*Clerk of the Committee.*

## EVIDENCE

*(Recorded by Electronic Apparatus)*

Thursday, November 21, 1968

**The Chairman:** Gentlemen, I see a quorum. As you all know, we are pushed for time and I hope we can get through this morning in the time that has been allotted to us. At the moment we have five meetings scheduled and during that time we have to cover the estimates of the Department. It is going to be difficult and we are going to have to move quickly. In order to give us a little more leeway, I hope that somebody will make a motion so that we can obtain permission to sit while the House is in session.

**Mr. Comtois:** I so move.

Motion agreed to.

**Mr. Lundrigan:** On the matter of the Committee sitting while the House is in session, there has been some conversation in the House and outside as to the number of people attending the House. Was there not a couple of occasions last week when the House was called out because of the lack of a quorum? I wonder if we could agree to meet only when it is completely necessary. There are quite a number of committees meeting, and if we are going to cut into the time of the House it could mean that all parties are going to have to take a bit of a beating as far as attendance is concerned. When you indicate that we sit when the House is meeting it is understood that this will only be done when it is completely necessary?

**The Chairman:** I think so. We are going to be pushed for time anyway. I only wanted to give us a little more leeway in the first week of December so that if we need the extra time, and it is absolutely necessary, we will have it.

**Mr. McGrath:** May I suggest to supplement that that you perhaps should give consideration to taking this up with the co-ordinating committee, because at the moment this Committee is meeting simultaneously with Transport and Communications. Incidentally, it so happens that the Transport and Communications Committee is hearing the estimates of the National Harbours Board this morning. We are hearing evidence from the Atlantic Development Board.

These are two subjects of great interest to many members from constituencies in the Atlantic Provinces. I think it is unfortunate that conflict in

this particular area has arisen. I submit to you that the Transport and Communications Committee and this Committee have a great deal in common to members from both extremes of the country, and if this could be taken up with the co-ordinating committee to try to avoid—

**The Chairman:** I think you will find that this is the only time we are in conflict with Transport and Communications, and we have cleared that up.

This morning we have Mr. Blake, the Director of Finance and Administration for the Department of Forestry and Rural Development, and Dr. E. P. Weeks, the Executive Director of the Atlantic Development Board. Mr. Blake is here to give us a general idea of the structure of this new department. I will now call Vote 1 and let you take over, Mr. Blake.

## REGIONAL DEVELOPMENT

### A—GENERAL

1. Administration, Operation and Maintenance, including Canada's fee for membership in the International Commission on Irrigation and Drainage. \$17,887,200

**Mr. E. G. Blake (Director of Finance and Administration, Department of Forestry and Rural Development):** It is unfortunate, gentlemen, that we have to start this discussion without your having received the benefit of the general comments which the Minister and the Deputy Minister will be passing on to you shortly.

However, this morning I would like to go over very briefly how the estimates were put together for the 1968-69 fiscal period. As you know, the structure of the new department was put together on the basis of two Orders in Council. One of these divested from the original Department of Forestry and Rural Development, Forestry Branch, and its associated services, and the other transferred into the remainder of the administrative section and the Rural Development Branch, and they went into those other sections of the Department, the branches and agencies. These are the Atlantic Development Board; the Area Development Agency, which was transferred from the Department of Industry; the Experimental Projects Branch, from the Department of Manpower and Immigration; the Prairie Farm Rehabilitation Administration, from the

Department of Agriculture. At the same time the Minister was charged with the responsibility of handling the Atlantic Provinces Power Development Act, which previously had been under the Minister of Energy, Mines and Resources. As you know, he is also responsible for the National Capital Commission and the Cape Breton Development Agency, although these last two items are not within the administrative framework of our Department.

The estimates were put together under the direction of task forces chaired by members of the Treasury Board. The basic amount involved—and I refer you to page 424—for administration is \$17,887,200. This figure was compiled from the residual amount remaining from the original Department of Forestry and Rural Development of \$819,000; the existing allotment of the Rural Development Branch of \$2,989,000; the transfer from the Atlantic Development Board of \$2,535,000; the transfer from the Department of Industry for the Area Development Agency of \$1,138,000; the Experimental Projects Branch of \$480,000 and the Prairie Farm Rehabilitation Administration of \$9,925,000, all of which totals \$17,887,200. Allocated with this money were manpower resources of 1,741 man-years. The detail of this is set out on page 426.

**Mr. MacDonald (Egmont):** Did you say man-years?

**Mr. Blake:** Yes, man-years, 1,741 man-years. This is the method of evaluating the strength of this.

If I may pass on, the second section is the projects and programs under the Agricultural and Rural Development Act, which were transferred intact from the previous Department of Forestry and Rural Development.

**An hon. Member:** What page is that on?

**Mr. Blake:** This is on page 427. I think these figures are reasonably straightforward. Are there any questions?

The next item is the Atlantic Development Board which you will find on page 428 and the total is \$2,535,000. I would suggest, as Dr. Weeks is present, that if you have any questions on these areas I am sure he will be happy to answer them.

**An hon Member:** Now or later?

**Mr. Blake:** Today. I think after we run through these would be a good time.

The next item is the Area Development Agency, which was transferred from the Department of Industry. Here again I am sure you are reasonably familiar with the program. There is nothing unusual in the amounts included.

The Experimental Projects Branch is on page 430. This branch was transferred from the Department of Manpower and Immigration. It is a small group, 18 people, and the amount is \$480,300. This basically relates to the Newtart Corporation, and I believe it will be discussed with you by its director.

At the bottom of page 430 we have Irrigation and Water Storage Projects, which is the Prairie Farm Rehabilitation Act. This is a long-standing group. Are there any questions by any members of the Committee on this?

**Mr. McGrath:** When you ask if there are any questions, you are not presupposing that we will not be going over these things item by item? The procedure that we are following this morning is a little unusual.

**Mr. Blake:** Yes, there will be extra time. If there is anything in here which is of interest to members of the Committee I will ensure that the expert witnesses who will be appearing later on behalf of these units will have the answers prepared for you, or it may be that I can answer them for you directly today.

**Mr. McGrath:** I see.

**Mr. Blake:** But all of these agencies will be represented by their directors at subsequent meetings.

**Mr. Smerchanski:** Does this mean, then, that the PFRA is now out of agriculture?

**Mr. Blake:** Yes. It has been transferred to the Department of Forestry and Rural Development, which will become the new Department of Regional Development.

**Mr. Smerchanski:** Is that as of this fiscal year?

**Mr. Blake:** As of July 12 of this year, by Order in Council.

Gentlemen, that concludes Vote 1 in the amount of \$17 million. Vote 5 concerns the construction items. Here again I think most of these matters would be more properly discussed with the subsequent witnesses. They start at the bottom of page 432. The large items again appear in the middle of page 433. The \$10 million under PFRA is shown there.

On page 434 you have Vote 10, Grants, subventions and payments as detailed in the Estimates. The first item I would draw to your attention is the very first one on the page, Contributions to the Provinces, \$18,000,000. This represents the payments under the ARDA shared cost program which has been administered by the Rural Development Branch.

**Mr. Carter:** Do you gave a breakdown by province as to where this money went?



**Mr. Blake:** By province?

**Mr. Carter:** Yes.

**Mr. Blake:** Yes, this can be made available I may have that with me.

No, I do not have the details by province but I will see that information is supplied.

The \$8 million under other payments is basically that money which is not under the shared cost program; it is administered centrally through Ottawa and covers a wide range of research projects such as the Canada Land Inventory, Central Research in the branch itself; included there is about \$1.5 million on Indian projects.

**Mr. MacDonald (Egmont):** Where is this? I am sorry...

**Mr. Blake:** Pardon me. This is at the top of page 434, the second line.

**Mr. MacDonald (Egmont):** The other \$8 million?

**Mr. Blake:** Yes.

**Mr. MacDonald (Egmont):** When you are giving a breakdown by province perhaps you could also supply us with a breakdown...

**Mr. Blake:** A further breakdown of the \$8 million?

**Mr. MacDonald (Egmont):** Yes.

**Mr. Smerchanski:** Mr. Chairman, in the figure on "other payments" you mentioned Indian projects. How does this tie in with the Department of Indian Affairs and Northern Development?

**Mr. Blake:** These are projects that are funded from the Rural Development Branch, and many are tied in with the Department of Indian Affairs and Northern Development. There is very close liaison in the actual program between the members of the Rural Development Branch and those of the Department of Indian Affairs and Northern Development.

**Mr. Smerchanski:** The project undertaken by Regional Development is entirely separate as far as the cost and the design of the project is concerned.

**Mr. Blake:** Yes; there was an amendment to the Act which enabled payment of 100 per cent of those projects involving Indians.

**Mr. Smerchanski:** Therefore these figures do not appear, then, under the Department of Indian Affairs and Northern Development.

**Mr. Blake:** Oh, no. The Indian Affairs part would be quite separate.

**Mr. Smerchanski:** You were saying that is \$1.5 million, more or less?

**Mr. Blake:** Approximately \$1.5 million this year.

The next item of \$3 million is a subvention in respect of Eastern coal which is paid under the Atlantic Provinces Power Development Act. I believe you are familiar with this Act? This is to enable Maritime coal producers to produce power from coal at a cost comparable to that of plants operating in Ontario.

The next major item is the one for \$1.850 million and this is basically the NewStart corporations which is handled by the Experimental Projects Branch. There are currently four NewStart corporations operating; there are two more planned to come into operation this year.

**Mr. Mazankowski:** Would you mind enlarging on the NewStart program?

**Mr. Blake:** The NewStart program? It will be discussed with you in quite thorough detail by Mr. Page, the Director, but basically it is an attempt to instal a corporation on a four-year life in those areas where there is a need to assist either underprivileged or underemployed individuals. The Indian Métis is a good example and the most active one is that now operating in northern Alberta.

**Mr. Breau:** Will you bring us a list of the starts that have been made under this program? There are just four, you say?

**Mr. Blake:** There are four. At the moment we are operating in Alberta, Saskatchewan, Nova Scotia and New Brunswick, and we are planning to go into New Brunswick and Manitoba this year.

**Mr. Carter:** Do you enter a province at the request of the provincial government?

**Mr. Blake:** Yes; the general agreement is that we will have one of these in each province of Canada.

**Mr. Carter:** The request must come from the province?

**Mr. Blake:** Yes, and it must be in a designated area.

**Mr. MacDonald (Egmont):** There is one operating in Prince Edward Island. I think perhaps inadvertently you missed that one—in Kings County.

**Mr. Blake:** Yes; Alberta, Saskatchewan, Nova Scotia and Prince Edward Island.

**Mr. MacDonald (Egmont):** You missed New Brunswick.

**Mr. Blake:** Oh, I am sorry; I meant five.

**Mr. McGrath:** How closely would this program be co-ordinated with ADB? I am thinking now of special areas where ADB are interested such as Bell Island in Newfoundland, which obviously is an area that would qualify for New Start and yet nothing has been done there.

**Mr. Blake:** Well, I cannot answer how close the liaison has been in the past. Of course, the whole structure of this Department is to meld these programs into a common unit, but I could not answer your question. I know that one of the restrictions is that it must be a designated area.

**Mr. McGrath:** The whole province is designated, I think.

**Mr. Blake:** These corporations are set up basically on a four-year life. They are given a planning grant of about \$150,000 to enable the corporation to be established during which time they usually hire a short-term senior person as the director of the program. They have three years of operation and the allotment for that is in the order of \$450,000. At the end of the third year the corporation should be reasonably successful. The fourth year enables it to close out and carry on, hopefully, on its own feet.

**Mr. Mazankowski:** We are looking here at an industrial project.

**Mr. Blake:** Yes. On the top of page 435—

**Mr. Smerchanski:** Mr. Chairman, before we leave that page—the matter of “Payments In Accordance With Agreements Approved By The Government” and so forth, is that dovetailed into the provincial programs or does the province request these funds and it is just paid over to them and they administer the disposition of the program?

**Mr. Blake:** This program, of course, is one that was initiated in the Department of Manpower and Immigration so that when it became obvious to the officials in the Department of Manpower that there was a need for industrial activity in that area, “Newstart” was the answer to get something going in that time. There was a joint discussion between the provinces and the Department which led to the installation of a New Start corporation.

**Mr. Smerchanski:** Is there any overlapping now with this effort compared with what the provinces are doing in connection with their training program in designated areas?

**Mr. Blake:** Oh, no, this is completely dovetailed with the provincial program.

**Mr. Smerchanski:** It is?

**Mr. Blake:** Oh, yes.

**Mr. Lundrigan:** Mr. Chairman, may I ask a question which I imagine has a lot of relevance for most of the members of the Committee. Is any literature available which co-ordinates what this new department is supposed to do and gives succinctly by definition, for example, what NewStart is? We know about it and we are all fairly familiar with it, but we need a succinct revelation of what it is all about and an indication of where these programs are operating so that we will have some kind of a co-ordinated knowledge of it.

Right now, for example, much of what is being discussed is being brought in from other departments. I would like to know, for example, how I can approach the Department of Regional Development in order to bring to the Department's attention some of the needs of my Atlantic area so that I can get some attention drawn in that direction. I am thinking, for example, of Designated Areas and I am sure all members are not familiar with what areas are designated and how they can take advantage of them, and how they can approach the Department and make good representations on the basis of some knowledge.

Is it possible for the gentlemen before us or through the department of the Minister to give us some kind of good, succinct rundown on what the Department is all about, what programs are under the department with an indication of where it is operating and what it is doing?

**Mr. Blake:** No. As I prefaced my remarks, it is most unfortunate that we had to start at about chapter III, which we are doing today, but I am quite sure that by the time the Minister has spoken to you and the deputy Minister has given you the broad outlines of the Department most of this information will then be in your hands. It will be tabled with you.

**Mr. Lundrigan:** Some of it but, for example, the Minister just does not have time to come here and tell us what NewStart is doing, where it is working, what are some of its projects now under consideration and what the legislative arrangements are, and one thing and another. What I am thinking about is a fairly sophisticated but perhaps succinct.

**The Chairman:** I do not think that material is available as a package.

**Mr. Lundrigan:** I do not think so, no.

**The Chairman:** I do know that there is some material available on NewStart and I will speak to the Minister and the Deputy Minister to see whether we cannot get something together and this will help us next week.

**Mr. Lundrigan:** Thank you, Mr. Chairman.



**Mr. MacDonald (Egmont):** In what way are you now co-ordinating these various programs as many of them have to do with the same kind of situation? Perhaps approaching it in a different way—it has already been referred to in some of the questions—is there some instrument that has been established or some system you have operating by which all of these various programs—there are about nine I think—in the Department, and not only within the Department but we know of some that are operating in other departments that are still not under the direct administration of Regional Development, are being effectively co-ordinated so there is not a kind of overlapping or, what has happened in the past, a good deal of conflict in one program attempting to achieve one end and another program in an entirely different pattern and role?

**Mr. Blake:** This problem has received, of course, a tremendous amount of attention within the Department. It is probably the most significant item of discussion and is the item which I would prefer to leave with Mr. Kent. I am sure he will answer it to your satisfaction.

**Mr. MacDonald (Egmont):** I am certainly going to ask Mr. Kent and likely Mr. Marchand and perhaps Dr. Weeks as well, but I would like to know from your point of view as an administrator—I believe you are in charge of Finance and Administration—

**Mr. Blake:** Right.

**Mr. MacDonald (Egmont):**—very specifically how this relates to your administrative responsibilities, because I think we are going to have to get a number of answers so that we can piece together the whole picture.

**Mr. Blake:** Well, as I said originally, what we have here today is practically a gratuitous collection of moneys that were in various departments of the government which were brought together and put into one pot. The 1969-70 estimates which are currently at Treasury Board for review will take all of these moneys and put them into one pot and out of that we will derive one program, or two, or three as the format of the Department develops supported by the various activities necessary to implement these programs, and in that we will pull together and solidify the various things that we are talking about here and hopefully eliminate at least the duplication and certainly any confrontation between these programs.

**Mr. MacDonald (Egmont):** You are talking about what will happen in the future. Now, I presume...

**Mr. Blake:** In 1969-70.

**Mr. MacDonald (Egmont):** Exactly, but at present you are operating on a kind of ad hoc basis.

**Mr. Blake:** Fairly well. Here again I do not want to get into policy statements but we are tempering, and slowing, and holding those programs which we feel will not get impetus and thrust in the new Department and we are encouraging normal or slightly better than normal growth in those programs which we think should be brought forward, but without the legislation approved, with no official stamp on it, of course, we cannot go too far but we are trying to meld these programs and direct them in the direction which we think the Department will ultimately go.

**Mr. MacDonald (Egmont):** Can you indicate the programs that are being encouraged and those that are being held at bay, so to speak?

**Mr. Blake:** Here again we are giving modest encouragement to the NewStart program which we think fills a very excellent need. There has been some increased emphasis put on the Area Development Agency and Incentives Program. By the same token, we are standing pat on P.F.R.A. which has completed some large major projects and at the moment is reassessing its position and role with the role of Energy, Mines and Resources.

**Mr. MacDonald (Egmont):** There are two or three large programs that you have not mentioned such as the A.D.B. and F.R.E.D. Where do they stand in this?

**Mr. Blake:** Here again the Atlantic Development Board which Dr. Weeks will be reviewing with you shortly and the combined ARDA-FRED programs, which are probably the two most parallel programs within our Department, are the ones that are subject to the closest scrutiny. In fact, we are meeting with Treasury Board officials this afternoon to see how we can get the most efficient meld of those two units.

**Mr. MacDonald (Egmont):** So at the moment it is safe to say there has not been any increase, expansion or promotion of these programs and that there will not be until you decide where they are going and whether they are going to be co-ordinated.

**Mr. Blake:** The general program of the Department—and here again let me not steal my Deputy Minister's thunder—and what we have today is what was given to us in 1968-69. The financial requirements for 1969-70 currently under review show a modest increase of approximately \$50 million and this is just normal growth with some of the encouragement that I have just discussed.

Beyond that, I would say 1971 and 1972 will be the years in which there will be significant growth on

an agreed program. Therefore we are consolidating this year and we are standing pat and getting some slight impetus next year. The following year, I suggest, the programs will be in a position really to move forward.

**Mr. MacDonald:** May I just go back a little, because I am concerned about the co-ordination problem that exists now? It is of interest, I think, to know which programs are being accelerated and which are being held off for a time. What kind of machinery is actually in operation in order that the decisions being taken and the information available on these decisions is being communicated to the other...

**Mr. Blake:** Do you mean internally within our Department?

**Mr. MacDonald (Egmont):** Yes.

**Mr. Blake:** The first thing we did was to pull all of the branches together physically into one building so we are all at least operating from the same area. Second, we cancelled all delegations of authority so that no major decision on any item can be given without the matter going over the Deputy Minister's desk which, of course, creates a fantastic workload for that man. However, it is one way of ensuring that everything goes through a common channel.

We meet every two weeks in a management committee where we pull together and discuss these common problems, and try to ensure that there is no conflict or duplication, and on this rather ad hoc basis are trying to pull things together into a unified program.

**Mr. MacDonald (Egmont):** I understand there are people who are doing different pieces of research of use to these various programs. Has that been co-ordinated in any way?

**Mr. Blake:** Only to the extent that we are pulling together a master research file. We have not created any new research that has not been circulated among the major agencies of the Department and received agreement that it does meet our long-term needs.

**Mr. MacDonald (Egmont):** Has any research or any research aspects of these various projects been accelerated?

**Mr. Blake:** At this point in time I would say, no. I think we are waiting until the structure of the Department is formally approved, the senior people are appointed and they, in turn, are able to develop a consensus concerning the direction of the Department.

**Mr. MacDonald (Egmont):** Thank you; I am sorry it was such a long interruption.

**Mr. Marshall:** I spent an hour the day before yesterday with Mr. Saumier and he gave me in detail everything that is going on in the Atlantic Provinces and I think, Mr. McDonald, if we could get him into caucus...

**Mr. MacDonald (Egmont):** Well, he likely will be appearing before the Committee.

**Mr. Blake:** Oh, yes; he will.

**Mr. Marshall:** He knows everything; he told me everything I wanted to know in the Atlantic Provinces; I forgot to mention this.

**Mr. Blake:** I am quite sure the Committee will get all the information it needs from the expert witnesses that will follow from the various Departments.

Gentlemen, if I may carry on, the next significant item is at the top of page 435, which is the FRED payment of \$9.6 million.

**Mr. Smerchanski:** Mr. Chairman, with reference to that amount for FRED, how are those funds tied in with the ARDA funds? Is there co-ordination in these two areas?

**Mr. Blake:** Both the ARDA and FRED programs are administered by the Rural Development Branch headed by Mr. Saumier who was just referred to, and naturally they are controlled by the same group of people.

**Mr. Smerchanski:** I do not know whether we can discuss policy here, but it seems that in the Province of Manitoba you have some ARDA projects that were not completed, and you had a FRED project superimposed on an ARDA project, and because they ran into difficulties and it was not workable they blamed the federal government for it. Yet, the final decision and administration, and the ultimate finalization of the project in the design and blueprint stages, fall under the jurisdiction of the province.

I think this is a rather unfair accusation against federal policy and there certainly should be some control over provincial decisions in order to achieve proper co-ordination. I am suggesting there is a great deal of waste of expenditures and effort which, if properly co-ordinated, need not take place.

**Mr. Blake:** I am sure you are aware of the joint advisory bodies and FRED boards and other groups that relate to both the ARDA and FRED programs, which is an effort, of course, to bring together both the federal and provincial activities and to melt for a common purpose the ARDA and FRED programs which are not similar but parallel. However, I would prefer to have any comment of that nature handled by Mr. Saumier.



**Mr. Lundrigan:** Mr. Chairman, Mr. Blake is the Director of Finance and Administration, and as we are going through there is one thing that strikes me as rather peculiar.

For example, under the FRED program we have an allocation of under \$10 million. I might be misreading the estimates but under the total allocation for the Department there is a figure of \$154 million and last year apparently there was \$157 million. Now we are hearing quite a bit about regional disparity and about the work of the Department. To me, this is one department in which people in certain parts of Canada are experiencing disparity. This does not necessarily mean the Atlantic Provinces; it could mean parts of Central Canada, Northern Canada, Western Canada and so on. This is one department that we are hoping will literally take the bull by the horns and do something about our regional difficulties. What concerns me all the way through is the paucity of funds to be expended under the combined programs of the Department. Certainly these are not the estimates for 1969-70, when the Department gets really off the ground...

**Mr. Blake:** No.

**Mr. Lundrigan:** ...but is there going to be a significant increase in the monies allocated for this Department or are we going to be still administering a combined number of programs with basically the same amount of funds?

**Mr. Blake:** The areas in which we are endeavouring to increase our expenditures next year are basically the FRED and ARDA programs. I mentioned that we were looking for an increase of approximately \$50 million, which of course is still subject to Treasury Board review, and most of that—I would say \$43 million to \$45 million of that—is in that area; the remainder is in small operating and other associated costs. But the bulk of our growth next year will be exactly in that area.

**Mr. Lundrigan:** So we can expect a significant change in the financial structure of the Department with respect to monies, especially under the FRED program.

**Mr. Blake:** Yes. Well of course, as we all know, there is a major item under discussion relevant to P.E.I. which will be, if it is implemented, a FRED program, and that will of course be quite a significant item.

**Mr. Lundrigan:** You say \$50 million—

**Mr. Blake:** Yes. That of course is still modest in terms of what the ultimate requirements will be.

**Mr. Lundrigan:** We had a gentleman, who is known to the Province of Newfoundland, making

all kinds of revelations about two months ago about \$170 million a year being spent in just part of one province. I think this kind of information ought to be known so that we can correct some of these things. In other words, the Department is not going to be the avenue for the elimination of all the provinces' regional disparity nor the regional disparity in Canada. Some people have been thinking that we are going to get literally a half billion dollars, pour it into this, and really take the bull by the horns when, in actual fact, this is going to be phased in rather than really taking issue with the problems immediately.

**Mr. Blake:** I think we are touching on a very broad policy statement that I would prefer to have discussed by the Deputy Minister. I am sure that he will discuss this matter with you.

**Mr. Marshall:** Mr. Chairman, may I elaborate on this. The announcement was made August 19 that three-quarters of a billion dollars would be spent under the FRED program in Newfoundland. Two weeks later another announcement was made that one billion dollars would be spent in Newfoundland. It jumped from three-quarters of a billion to a billion in two weeks. Now \$305 million of that money would be spent on the west coast at the rate of \$30 million a year. It specifically listed amounts under education, paving of roads—under everything you could imagine. I think this is a terrific idea but how substantial is it.

**Mr. McGrath:** Mr. Chairman, may I ask Mr. Marshall through you who made this announcement?

**Mr. Marshall:** The Premier of the Province. The hopes of the people were built up. However, I have found out since that a big program is going to take place but it is going to take two years. According to the announcement, this was supposed to be started in the fall. As a matter of fact, it should have been started now. Would you comment on that.

**Mr. McGrath:** What Mr. Marshall, if I might suggest it, is getting at is how does one control this sort of intemperate use of the FRED fund. Obviously it is not realistic, it cannot be surely, to talk about a billion dollars or three-quarters of a billion in one breath. Who in the final analysis has control over the FRED program? Is the initiative provincial or is it federal?

**Mr. Smerchanski:** Mr. Chairman, we are discussing estimates in actual terms of what somebody said. I think that this is a hypothetical situation and that we are really placing a burden on our witness in asking him to comment.

**Mr. Marshall:** Mr. Chairman, several thousand people heard this announcement and they are coming and asking me when we are getting ours.

**Mr. McGrath:** There is nothing hypothetical about it, Mr. Chairman. All we want to know is who has the initiative under FRED? Is it the federal government or the provincial government?

**Mr. Marshall:** It was further said that the federal government would pay 82 per cent toward that cost—not 80 per cent, 82.

**Mr. MacDonald (Egmont):** Could I ask another question in relation to the FRED program. We did ask earlier for a breakdown by provinces on the ARDA money. I wonder if we could have a similar breakdown because there are now programs operating or monies committed to FRED in Manitoba, New Brunswick and in Quebec. If we could have some figures as to the monies allocated for as long a period of time as is now known, this would be useful to measure the commitment and the type of thing that is actually being done under the program? I know you may not have this information with you today but perhaps it can be submitted at an appropriate time.

**Mr. Blake:** I might be able to give you an approximate indication but I rather doubt whether it would be by province. I have not a full and tabulated statement to give you order of magnitude figures on a provincial basis. The northeast New Brunswick and Macnaquac areas would take approximately \$3 million, the Manitoba interlake project will be approximately \$5 million, and Quebec, P.E.I. and Nova Scotia a further \$2 million. However, all of this detail is fully and readily available and I am sure that Mr. Saumier can go over this with you by province, by project, by function and by type of program.

**Mr. MacDonald (Egmont):** In a tangible way though these figures that you have mentioned are a good deal less than the announced figures.

**Mr. Blake:** Of course we can not take the responsibility for that.

**Mr. MacDonald (Egmont):** I agree with that, but to follow up the intent of the questions raised by Mr. Marshall and Mr. McGrath, the figures that are sometimes used I think are very misleading in that they may not only include monies that we have spent under this but perhaps a whole host of other monies that perhaps already are being spent but are simply being rechannelled. I think this is misleading in the sense that it does encourage people to hope for and look for things—perhaps they may not even be in their best interest—that certainly are not going to happen in the proportions that they expect them to happen. When we see the real figures that are actually being allocated, they are almost infinitesimally different than the original figures that are announced.

**Mr. Blake:** Certainly both the ARDA and the FRED programs are very clearly delineated as to what will be spent over a five-year period and that type of thing. There is also further breaking down into an agreed provincial allotment so that every province knows the total amount available to it in any one year. Then the onus is on the Department to develop projects which will fit into the ARDA and FRED agreements and have them put into motion. So there is ample information available to all provinces on the amount of money that is available to them. If there are misleading statements made there is little that we can do at this end. The ARDA and FRED programs are clearly detailed and surely they must be understood by all the participating provinces.

**Mr. Lessard (Lac-Saint-Jean):** Mr. Chairman, could we have these figures by provinces for the last three years printed in the report?

**The Chairman:** Yes.

**Mr. Blake:** I will see that that information is provided.

**Mr. Lessard (Lac-Saint-Jean):** Thank you very much.

**Mr. Blake:** You are referring, sir, to the FRED Program or to the ARDA, or to both?

**Mr. Lessard (Lac-Saint-Jean):** Both.

**Mr. Blake:** I will see that the information is produced.

**Mr. Mazankowski:** Mr. Chairman, if I may be permitted a question, I am concerned about the cutback in PFRA. You said that most of the work on this has been completed. I feel that there are still a number of small projects to be undertaken.

Is it the Board's opinion that the cutback is the result of the program nearing completion, or what is the thought behind the cutback?

**Mr. Blake:** I am not totally familiar with all of the PFRA, it being a very new department to me, but I know there are three major projects, the Gardner Dam, of course, being the most significant, which have been terminated. I think the Shelbourne Reservoir is another; and the name of the third one escapes me. The reduction that I have inferred is merely the phasing out of these extremely large projects.

The capital and operative expenses forecast for next year are slightly less than those incurred in the previous year.

**Mr. Mazankowski:** I notice that on water development, which, I take it is...



**Mr. Blake:** I am sorry; are you referring to 1968-69 against 1967-68 or to this year against next year?

**Mr. Mazankowski:** I am referring to 1967-68 and 1968-69.

**Mr. Blake:** Yes.

**Mr. Mazankowski:** The estimate on water development is practically half of what it was previously.

**Mr. Blake:** I am sorry. What page are you at?

**Mr. Mazankowski:** Page 433, Water Development, \$1,157,000 in 1968-69, as compared to \$2,430,000 in 1967-68.

**Mr. Blake:** I am sorry; I have not got that information available to me. I am sure you could raise the point, though, with Mr. Fitzgerald when he is before the Committee.

Gentlemen, if I may, I will pass on to the next item, Incentives for the development of industrial employment opportunities, \$33,600,000. This is the Area Development Agency Program, and it will be discussed with you by the Commissioner, Mr. Lavigne.

**Mr. Lundrigan:** Mr. Chairman, how much effort is being made to publicize the designated areas, the designation of the designated areas, and the kind of information which would perhaps create the incentive which is necessary?

It is an incentive program. Is a great deal of effort being made to publicize it so that people know that a particular community in New Brunswick or in Ontario, for example, is a designated area and the nature of it?

**Mr. Blake:** You will notice in their Estimates they have allowed \$54,000 this year for exhibit displays and advertising. Part of their professional and special services are research studies to enable them to get, shall I say, a closer communal input. This is one of the items in which we are looking for an increase in our 1969-70 Estimates.

Of the \$33 million, I would offer that at present the programs currently under way will cost \$8,700,000. We are entering into new programs this year in the amount of \$26 million, and we have made an allowance of \$1,700,000 because not all of these programs will come to fruition. This makes up the total of the \$33,600,000.

The next three items, gentlemen, are statutory and relate to the Atlantic Development Board. I will defer on these to Dr. Weeks.

**Mr. MacDonald (Egmont):** May I ask a supplementary relative to what Mr. Lundrigan was asking?

Did you say that somebody would table a list of the designated areas in the country today and the bases on which they are designated?

**Mr. Blake:** Yes. This information is readily available and I am sure we can have it for you. I will make sure that it is supplied. That is, a list of designated areas and the bases of designation?

**Mr. MacDonald (Egmont):** That is right.

**Mr. Lessard (Lac-Saint-Jean):** Mr. Chairman, I would also like to have figures on how that amount of \$33 million will be divided between the provinces.

**Mr. Blake:** A breakdown by province?

**Mr. Lessard (Lac-Saint-Jean):** Yes.

**Mr. Blake:** There is only one other item, gentlemen, and that is the loan item on page 580.

**Mr. McGrath:** Before we pass on, Mr. Chairman, when will we have a chance to examine in detail the Estimates under the FRED program?

**The Chairman:** Until we have had a meeting of the subcommittee I cannot give you an answer on that, Mr. McGrath. As soon as I have spoken with Mr. MacDonald and the NDP representative and Mr. Gauthier I will see if we cannot get some time allotted.

**Mr. Blake:** I now refer you, gentlemen, to Loan L85 at the top of page 580, \$53,102,000. These are advances or loans made in accordance with the Atlantic Provinces Power Development Act. This is the program that was inherited from the Department of Energy, Mines and Resources, and had been administered by the Northern Canada Power Commission.

Basically, these are advances made to power corporations of the Maritime Provinces to enable them to build coal-powered electrical generating stations and transmission lines and to construct terminal stations.

The broad terms of the agreements are that those covering generating plants have a 30-year life and those covering transmission lines and terminal stations have a 40-year life, the rate of interest being determined by the Department of Finance.

**Mr. Smerchanski:** All these monies are repayable and the capital advances are to be repaid as well?

**Mr. Blake:** That is right.

**Mr. Lundrigan:** Would it possible to have a breakdown on who is actually receiving the loans?

**Mr. Blake:** Yes. I am sorry, I do not have it with me, but there is a statement by province and by station that can be produced.

**Mr. Lundrigan:** How do we get access to this information? Can it be tabled or appended to the minutes of today's discussions?

**Mr. Blake:** Yes; I can have this made available to the Chairman and he can attach it to today's minutes.

**The Chairman:** Yes; perhaps you would like to make the motion that they be appended to the report.

**Mr. Lundrigan:** I so move.

**Some hon. Members:** Agreed.

Motion agreed to.

**Mr. MacDonald (Egmont):** Mr. Blake, you say it is coal power that limits the development of generating facilities to those who use coal rather than other kinds of fuel. Is that correct? You said "coal". I am wondering if that is correct. It is not exclusively coal, is it?

**Dr. E. P. Weeks (Executive Director, Atlantic Development Board):** Mr. Chairman, perhaps I could make a side remark on this. Your functions under the Atlantic Provinces Power Development Act are not only those referred to by Mr. Blake regarding the \$1.05. There is also the fact that one of the main functions of the APPDA was to encourage loans on transmission lines and in connection with thermo plants.

Originally the assistance was confined to plants using coal, but this was later changed and plants using oil also come under this.

**Mr. MacDonald (Egmont):** In another area, is any money available from this source either for research work such as the Minas basin power study or the development of other kinds of power? Presumably this would be something like the Mactaquac development, or that kind of operation, or is that excluded from this?

**Mr. Weeks:** Might I perhaps interject here, Mr. Chairman, because I happen to be a member of the Atlantic Tidal Power Programming Board. This is not under APPDA: it is a separate situation and the vote is handled under the Department of Energy, Mines and Resources as far as the research work which is presently being carried out by the planning board is concerned.

**Mr. MacDonald (Egmont):** That is still under Energy, Mines and Resources. Is any consideration being given to moving that under Regional Development, because it would seem to me it is part and

parcel of any grand scheme that might be developed in this way.

**Dr. Weeks:** I think I could make another comment, with your permission, Mr. Chairman. The studies under the Atlantic Tidal Power Programming Board should be completed by about the middle of 1969. So that a new situation will arise I think, Mr. MacDonald, when the "so what" of these particular studies comes up.

**Mr. MacDonald (Egmont):** Thank you.

**Mr. Smerchanski:** Mr. Chairman, in reference to the comment on the capital costs of \$53 million, how is the \$20 million subsidy for the development of the coal operation mentioned on page 438 tied in with the thermal plants which utilize coal as their source of heat? Is it likely that part of this will be given consideration as a subsidy to the coal used by these plants, or has it any relationship there at all?

**The Chairman:** I wonder if we could pass over that until Tuesday. On that day we will have the Devco people with us and I think they could go into that a little more fully.

**Mr. Smerchanski:** Thank you.

**Mr. Blake:** That concludes my remarks, Mr. Chairman.

**The Chairman:** Dr. Weeks.

**Dr. Weeks:** Mr. Chairman and gentlemen, I will first give a short review of the Atlantic Development Board, its background, its functions, and what it has done, all very briefly with some summary figures. I am sure you will want amplification on these figures. Now let me put the thing in a certain setting.

The original Act, as you all know, was passed in December, 1962. The executive director, who happens to be the present incumbent, was appointed on March 1, 1963. The Act was amended first in July, 1963, and one of the main elements in that amendment was the setting up of a fund of \$100 million. The membership was also expanded from 5 to 11. The Act was further amended in July, 1966, and an additional \$50 million was added to the fund.

The membership of the Board at present is 11, on the basis of 3 members from each of the three larger Atlantic Provinces and 2 members from Prince Edward Island. The Chairman is presently Ian MacKeigan from Halifax.

These private members are unpaid and I would like to take this opportunity of expressing my appreciation for the work of these members who have—and I have been with them continually since March, 1963—been a very devoted, dedicated group of people, representing in their general backgrounds



not only their provinces, but various aspects of economic activity. They have worked as regional men. There have never been cases where a provincial interest has tended to be thought up other than in a regional setting. I want to take this opportunity of saluting my colleagues on the Board.

I think too that I should mention that these men have provided us with a very vital contact with the regions. I think they are to be highly commended as unpaid men who have devoted their own time to this and have consistently offered constructive suggestions and have, I think, considered things as far as possible in a broad framework.

One function of the Board is to recommend to the Minister projects and programs to promote economic growth, and if these projects are approved by the Treasury Board and by the government, to carry out these projects. The Boards' responsibility is to carry out these projects in co-operation with other federal agencies and with provincial agencies. In short the Board has not only been an organization that makes recommendations, but an organization that carries them out.

Another function is to undertake economic planning in co-operation with the Economic Council of Canada. And a third function of the Board is to co-ordinate where necessary the work of other federal departments and provincial agencies on particular issues that have arisen. Some of you may have noted that there is a new bridge in Saint John, New Brunswick. It became my responsibility to co-ordinate both federal and provincial activities in connection with this bridge.

Finally, it is a function of the Board to deal with subjects of a special nature. Mr. McGrath has mentioned the problem of Bell Island. As he is aware, I have been, as executive director of the Board, somewhat involved in this Bell Island project. A recent activity of the Board which I think has had a very satisfactory degree of success has been the export promotion which we carried on, notably through the Springfield fair which has, I think, been welcomed by all concerned. We are currently handling the pending visits of provincial trade people in the Caribbean. This is presently underway.

I will now indicate what total funds are at the disposal—I should not say at the disposal of the Atlantic Development Board, because of course the recommendations have to be approved by Treasury Board. The total funds are: the ADB fund of \$150 million; statutory road money, by special statute, \$55 million; Bell Island for assistance in housing—I will go into that a little bit more—and mobility, \$1,750,000; and a special transfer to the Government of Nova Scotia in connection with that Government's taking over of the Dosco operation in Sydney, \$2 million; for a total of \$208,750,000.

**Mr. Smerchanski:** Mr. Chairman, where do those figures appear? Do we have those in the estimates?

**Dr. Weeks:** In the estimates you will not have a picture of the total moneys at the disposal of the Board, but you will have in there the votes under the ADB, you will have them under the fund, under the statutory votes, under Bell Island, and the Dosco vote.

The next question you might naturally ask is what we have done. As of October 31, 1968, we have made commitments of \$189 million, and we have expended, as of that date, \$117 million.

I might say that the Board took the view right from the beginning that pending the development of its planning programs, the Board should move in certain fields which were dead obvious, that is, certain fields where you could not be too far wrong. The Board had the view that it was not going to be very much good to sit for three or four years developing plans without moving. So we decided that we would move in what we considered to be the most relevant areas, where the needs were most obvious and where we could not, in effect, be too far wrong.

I could indicate the main categories we have gone into. I will mention these first by nature and then I can provide you with, if you wish, indications of how much money.

One of the things that occurred to us from the beginning was that the Atlantic Provinces would need adequate supplies of power at reasonable rates. It happened by good fortune that a great deal of the engineering work and basic analysis had been done on two very large ones, Macnaquac in New Brunswick and Bay d'Espoir in Newfoundland. So these were two areas that we moved on very quickly, and we devoted \$20 million in each case.

I may point out that the Macnaquac project—the \$20 million in New Brunswick—was probably about one-sixth of the total cost. In Newfoundland it was probably one-fifth. In addition in Newfoundland we found it necessary to provide assistance in the conversion of 50-cycle power to 60-cycle power; and we put in \$4 million on converters.

**Mr. Smerchanski:** Mr. Chairman, was this \$20 million contribution in the form of capital or in the form of a study?

**Dr. Weeks:** No, this was a straight grant that was paid for on a progressive basis according to the work done.

**Mr. Smerchanski:** It was a straight grant and had nothing to do with capital expenditures?

**Dr. Weeks:** Well it was on capital expenditures.

**Mr. Smerchanski:** That is right, but not repayable?

**Dr. Weeks:** No, it was a straight grant.

**Mr. Smerchanski:** As a matter of curiosity, Mr. Chairman, what will that do to the kilowatt power price in reference to these two projects compared with what it was prior to these two plants going into operation, and what will it be when the two plants. . .

**Mr. McGrath:** On a point of order, Mr. Chairman, I thought we were going to listen to Dr. Weeks' statement and then get into our questioning. We all have questions of a detailed nature to ask.

**Mr. Smerchanski:** Mr. Chairman, I will wait.

**Dr. Weeks:** Perhaps without going into too much detail now, I can mention that we operated in the field of power. We put money into the Trenton plant in Nova Scotia. We also earmarked \$4.3 million for, shall we say, a submarine cable—it was originally designed as a submarine cable idea but later the point became an interconnection. I am prepared to comment on that if necessary.

The next main category that we considered highly relevant was in the transportation field. I had mentioned previously that we had \$55 million given to us for roads. We considered that if the Atlantic Provinces were to step into the twentieth century, in the proper sense, they must have improved highways. In the Atlantic Provinces, as members from that area are very well aware, one of the key issues is how you handle your roads during spring break-up. It does not make too much sense to try to develop an industrial economy if you have to hold back traffic on your main roads, say, for a month or six weeks during the spring breakup. So basically we went after all-weather trunk highways.

The next category that we felt needed urgent attention was water supplies, particularly for fish plants, because higher standards of requirements on water had placed a lot of these plants in a situation where without some measures being taken to provide improved water supplies they would have to close. So we moved in that field.

We also considered that as part of the over-all setting—that is, if we considered it the lot of our job to provide a better physical milieu for economic development—that there needed to be industrial parks established in various key areas. We felt, as far as industrial parks were concerned, that in general there might be modifications but that as a general principle they should be on a shared basis so that areas did not go for industrial parks simply because they might be a prestige item. In the larger areas we contributed one-third of the cost, in some of the rather smaller ones one-half, but this was the general principle we followed.

We also felt that another field that perhaps was not so dead obvious but one which was still relevant to us in the long run, was the field of research and promotion of higher education connected with research. We developed laboratories in Halifax and in Fredericton, New Brunswick. Also, in the interest of developing certain types of higher education where they could be most relevant to the immediate needs of the area, we backed up an engineering school at Memorial University in Newfoundland.

Those have been the main categories of our activity so far as specific projects are concerned. As you are well aware, we have devoted considerable energies to over-all planning operations and I am prepared to explain the situation in more detail in the light of questioning. But that is generally, gentlemen, the situation in a nutshell.

**The Chairman:** Thank you. Mr. Breau, you are first on the list.

**Mr. Breau:** Dr. Weeks, my first question is related to highway transportation. I will speak about New Brunswick but probably the case is the same throughout the Atlantic Provinces. My constituency has benefited a lot from the Atlantic Development Board's efforts as far as roads, bridges and other public utilities are concerned. There has been a lot of effort and good planning put into it and I think it was well timed. But what is the Board's view as to where New Brunswick stands on highway transportation? What is its view in respect of closing the gap between conditions of highways in Quebec, Ontario and New Brunswick and I include bridges too?

**Dr. Weeks:** Mr. Chairman, I will refer to New Brunswick initially. We have had three highway programs in New Brunswick. One was a \$10 million program—actually it was \$3 million under the fund—this became under the second highway agreement \$9 million, and under the third highway agreement \$7.5 million. Initially the first agreement was 75-25, the second agreement 50-50, and the third agreement 75-25, always excluding right-of-way.

Now you are probably aware of the fact that the Province of New Brunswick along with the other three provinces made a presentation to the Atlantic Development Board in April of this year requesting that consideration be given to ADB assistance on a ten-year program, including at the same time a proposal for certain expenditures in 1968-69. So far no action has been taken, because the ADB asked in respect of the ten-year program time for further study and further assessment because the amount of money is pretty large.



To answer your question as to whether New Brunswick is now in a position where it could say its road situation is satisfactory, I would say it could not. I would say a considerable amount of work is still going to be needed, but as to how it will be financed in future is something on which I could not comment.

**Mr. Breau:** I wanted to mention this because, as you probably know, New Brunswick spends somewhere in the neighbourhood of one-third of its budget on roads.

**Dr. Weeks:** Yes, I am very well aware of New Brunswick's road problems.

**Mr. Breau:** My second question, Dr. Weeks, concerns economic growth. You mentioned that one of your functions was to encourage economic growth. Regardless of the fact that there is a new department being formed the same people will come up with the ideas or present briefs, and most of your members are businessmen. Has any consensus been reached as to what the objective should be as far as economic growth is concerned? Will it be secondary manufacturing? Will it be tourism? Will it be a concentration of federal government suppliers—in other words, will the federal government encourage its suppliers to settle down there? Has any objective been set at the present time? As you know, New Brunswick is making efforts, Nova Scotia is, and so is P.E.I.

**Dr. Weeks:** To quote a little of what Mr. Blake has said here, we must assume that during the year 1969–70 there will be efforts to take the analyses and views that have been prepared by the Atlantic Development Board and to meld these with the work that has been done by FRED, ARDA and other planning groups to formulate a general strategy that will apply to the new department. I do not think that I would be in a position to present an ADB interpretation of this situation in view of the new developments that are taking place, but I can assure you that all of the work that has been done by the ADB will form part of this new amalgam from which an over-all set of goals will come in 1969–70.

**Mr. Breau:** Yes, I understand that, but have the Board decided before, say last year, or the year before, what the priority should be—secondary manufacturing, or tourism?

**Dr. Weeks:** I would say, as a general approximation, that there is going to be no one solution to this complicated problem; that you are going to get a mixture.

There will have to be some promotion of secondary industry and, equally, tourism is not going to be able to be ignored. Primary industries are going to have to be made more efficient. I think one has to assume that no one horse is going to haul the cart. It is going to have to be on a broad front.

**Mr. Breau:** I understand that; but there is always a big horse.

**Dr. Weeks:** I am not able to comment on that. I am assuming that Mr. MacDonald will ask me questions about planning, and I was holding a bit in reserve.

The point is that the planning studies are just reaching their conclusion. They will have to be discussed in very great detail with the provinces before reaching any conclusions that would represent the combined views of the federal people, the ABD members and the provinces. I am, in a sense, really saying that I cannot answer your question at the moment.

**Mr. Breau:** I have one brief question. I do not know whether the answer will be brief. . .

**Dr. Weeks:** I am sorry if I seem to be wordy, Mr. Chairman.

**Mr. Breau:** How do you assess the present co-ordination between the federal and provincial departments on the economic growth of New Brunswick, for example?

**Dr. Weeks:** Speaking for the ADB, we have very close relations with these people, both personally, which is very important in this field, and more formally. I am very well acquainted with all those involved and have indeed travelled with them in certain cases.

**Mr. Breau:** Are the plans in relation to. . .

**Dr. Weeks:** I think we can rely on things being more fully co-ordinated as each side continues its operations.

As you know, those interested in economic growth in New Brunswick have a study under way on an industrial complex. As a matter of fact, I am having a general meeting today with the consultants concerned with that.

**Mr. Breau:** Are their efforts consistent with those of the federal government or of ADB.

**Dr. Weeks:** It is perhaps a little too early, to say whether the conclusions are going to be exactly the same, but the consultations are frequent; and I am seeing their consultants today.

**Mr. Lundrigan:** Mr. Chairman, first of all, I hope we will have a further opportunity for a more lengthy discussion with Dr. Weeks. I hope, too, that the exuberance of the Atlantic Development Board, reflects Dr. Weeks' exuberance. I have been impressed today by his enthusiasm for the work being done by the Board, although I am not impressed with the money that is allocated for it. But this is always the problem with government.

I have one general question. Is the focus of inspiration for the ADB coming from Ottawa or from the Atlantic region?

As you know, in the last few months there has been some talk, at least in one party in the government, of having the ADB originate its thinking, its work and its activities from the Atlantic region rather than from Ottawa. Can you comment on that?

Secondly, is there any substantial evidence of the extent to which the ADB will gradually be phased out and incorporated into other kinds of programs of activity?

**Mr. McGrath:** Mr. Chairman, if I may put it more succinctly, why is not the ADB operating out of Halifax?

**Dr. Weeks:** Perhaps I can deal with these questions in sequence.

First of all, on the question of whether the stimulus to the ADB's activities has come from Ottawa or from the local region, I would say that the members of the ADB, and very notably its chairman, have always taken a very active and enthusiastic interest. It would also only be fair to say that my own staff has shown a great deal of energy and enthusiasm. I would like to take this opportunity to salute them. In many cases their enthusiasm has gone far beyond the call of duty.

To answer your question, I would say it is played both ways.

• 1225

Your next question was, why has the ADB not been located in the Atlantic region. There are obviously virtues both in having the headquarters here and in the Atlantic region. The practical problem that arose was how to have projects most effectively carried out. Because that has always involved a great deal of work with other federal agencies it became much easier, from an administrative point of view, to handle it from Ottawa rather than from, say, Halifax.

Another reason, perhaps hard to quantify but nevertheless realistic, is, of course, where to have the Atlantic Development Board in the Atlantic region? Although it may be a little diffi-

cult to move from Ottawa to the Atlantic region, it is not always simple to move from Fredericton, or from Moncton, or from Halifax or from Saint John, around the Atlantic region. This was a practical problem that we had to consider.

On balance, considering that and the administrative problems of getting things done, our operational viewpoint—at least it was mine—was that to be able to move quickly was exceedingly important. To do that, one has to be able to contact the relevant federal agencies with a minimum of effort. This led me to vote, if you like, in favour of Ottawa as the headquarters.

**Mr. Lundrigan:** Mr. Chairman, it is a very involved question and could take long time...

**Dr. Weeks:** Mr. Chairman, if I may interject, you asked a third question about the future of the ADB. I may say that I do not wish to make any comment on that. It is out of my field.

**Mr. Lundrigan:** Thank you, Dr. Weeks. I have one further specific question.

You mentioned certain projects of the Atlantic Development Board, and particularly the provision of fresh water to fish plants. Another Member, friend of mine, mentioned something about the priorities of the Atlantic Development Board. He further indicated support to the engineering school of one of the universities of the Atlantic region with moneys for research.

Has any consideration been given to the provision of funds earmarked for capital expenditure on other phases of the process of human development?

**Dr. Weeks:** Yes. The Atlantic Development Board members who, after all, make the recommendations—we may present data, and so on, but they make the recommendations—have taken the view that aside from the fields to which I have already made reference they should hold their fire, so to speak, until the education studies, under way with the planning division of the Board are complete.

I agree with you that education is a very vital thing, and what is done in this field is going to have to be considered in the light of other priorities. Ultimately, the one vital, key issue in our new Department, as I am sure Mr. Blake will agree, is going to be priorities.

**Mr. Lundrigan:** I know that ADB has given quite a bit of attention to investigation, and some of my colleagues have been involved in it. I hope it will begin to receive the attention and priority that it deserves, because it is the key, as we all know.



However, a question even more specific than that is whether the Memorial University of Newfoundland has approached the ADB for an allocation of funds for its medical school similar to that of the engineering school.

**Dr. Weeks:** We have not had an approach on the medical school, no.

**Mr. Lundrigan:** Are you of the opinion that this would be basically in the same area of endeavour and perhaps have the same kind of priority?

**Dr. Weeks:** Here, again, the issue really turns on priorities. We may have to take, as a basic quantitative bar, the fact that there is going to be a limitation on funds. The province is short of funds and so is the federal government. The issue is really going to have to be determined within that shortage of funds on what things should have the priority.

I would like to mention something else, Mr. Chairman, in connection with Memorial University. Prior to the commitment of \$3 million for the engineering school at Memorial the Board took the view quite consistently that its activities should be confined to research facilities of an applied nature and to assistance in preferably a doctoral type of higher education—there are some modifications to this—and also that this should really be confined to only a couple of centres, centres where there is an interplay of disciplines, and so on, such as Halifax and Fredericton. The reason for taking special measures at Memorial was in recognition of the fact that perhaps this university was in a rather unique position and that the requirement for engineers was likely to be of an especially important nature for Newfoundland in the next decade. So, the Board stepped very cautiously into this field of assistance to Memorial, and I would say that as far as going beyond this is concerned the Board wanted to wait for a further assessment of these educational studies to be undertaken by the Board's staff.

**The Chairman:** Mr. Smerchanski?

**Mr. Smerchanski:** Dr. Weeks, with reference to the grant in connection with power development, approximately what percentage would this mean in terms of decreased rates? You made the statement that an adequate supply of power would be provided at reasonable rates. What was the percentage prior to this grant, and then after this grant had been made against a specific hydroelectric project or a coal-burning electric project what would the percentage decrease in the power rates be?

**Dr. Weeks:** I think your point is a very good one. I think it is a question that is very difficult for me to answer because of the fact that you are assuming a situation before and a situation after.

It is a very, very hard question to answer because the pricing policy of each of the provincial commissions is based, of course, on a variety of costs of power. There are costs of power for intensive users, costs of power for users who take large blocks on a firm basis and costs of power for domestic users. I think there are four different categories in the use of power, and I could only answer your question in a fairly general way by saying that undoubtedly our efforts have enabled more power to be made available and undoubtedly it has given the power commissions a flexibility particularly in providing power for intensive users which they would not otherwise have. However, I cannot quote an exact figure.

**Mr. Smerchanski:** Supplementary to that, Mr. Chairman, would one of these power projects possibly have made possible the smelting of elemental phosphorus in Newfoundland?

**Dr. Weeks:** Let me put it this way, that undoubtedly without the Bay d'Espoir—and note that I have pronounced that correctly—development it would not have been possible to make available the power from the 125,000 kilowatts which is now earmarked for the Long Harbour Phosphorus Development. As to the price of power that is provided for the ERCO development, that is a matter, of course, which was negotiated by the Newfoundland & Labrador Power Commission and it was not something in which we were involved.

**Mr. Lundrigan:** May I ask a supplementary? In other words, the federal government has no control at all, because after having provided \$20 million the province then turns around and actually donates its power?

**Dr. Weeks:** No, the point is that as far as the agreement with the power commissions is concerned there is a general clause in it to the effect that the assistance that we have provided should be reflected in the power rates that are made available, but this does not say whether that rate should be X or X minus.

**Mr. Smerchanski:** I have another question for Dr. Weeks. In reference to the development of your industrial parks in the Maritimes, when these are carried on a shared basis with the province do you then allow them under the item of transportation, and possibly hydro, where you might assist—in addition to the development of the actual industrial power site—with the availability of power, transmission lines, distribution facilities and road facilities as an access to the industrial park. Is this the program you mean?

**Dr. Weeks:** No. Let us take the case of a city like Saint John, Halifax or Dartmouth. We would

consider that the costs should include land costs, services and roads within the park, but not access roads outside the park by way of access to the park. You must remember that we would only contribute a third of this over-all cost.

**Mr. Smerchanski:** Then would you cover access roads under your transportation project?

**Dr. Weeks:** As a general rule under our main transportation policy we confine ourselves to trunk roads. There have been exceptions to this, as Mr. MacDonald is aware, in the case of certain access roads to fishing ports in Prince Edward Island.

**Mr. Smerchanski:** Would that access apply to power transmission lines and power distribution as well?

**Dr. Weeks:** We have gone very little into the matter of assistance on power tie-ins. There was a case in Amherst where we did this. We did the Amherst McCann tie-in as an encouragement to an industry in Amherst, but as a general rule we have not gone into that.

**Mr. Smerchanski:** Thank you, Dr. Weeks.

**Mr. McGrath:** Mr. Chairman, it is usual for committees to meet for an hour and a half, and I wonder if we are going to adjourn now or are we going to continue until one o'clock.

**The Chairman:** There is just yourself, Mr. MacDonald and Mr. Marshall, so if you could get on with your questions we will adjourn at one o'clock.

**Mr. McGrath:** This goes back to a supplementary which I asked to one of Mr. Lundrigan's questions. Which province decides whether the Board should remain in Ottawa or locate its headquarters in the Atlantic region? Of course, traditionally the regional headquarters are usually located at either Halifax or Moncton. The tendency now seems to be to Halifax. Is this your decision, Dr. Weeks, or is it a government decision?

**Dr. Weeks:** As far as the location of the Board is concerned, I think there would have to be a recommendation by the Board Members. I am in the rather anomalous position, perhaps, of being both a servant of the Board and hired by the federal government, but certainly in the first instance I suppose the question of location would have to come from a recommendation of the members of the Board.

**Mr. McGrath:** But would they not be largely influenced by your thinking on this?

**Dr. Weeks:** This is perhaps a relative point. I would think, Mr. McGrath, that they would undoubtedly listen to me. Whether they would pay any attention to me is another matter.

**Mr. McGrath:** Dr. Weeks, I do not want to get into the area of policy, but I wonder if you would explain to us the vote for \$2 million for the Nova Scotia government. I think this has to do with the Dosco operations at Cape Breton.

**Dr. Weeks:** This is correct, sir.

**Mr. McGrath:** And perhaps in the same breath you could also give us an explanation of the vote for \$1.75 million, which is for the Bell Island situation.

**Dr. Weeks:** Yes.

**Mr. McGrath:** They are interrelated in that they were both former Dosco operations and they were both left high and dry by that bunch of pirates.

**Dr. Weeks:** Without making any comments about piracy in general, sir, as far as the \$2 million to the Nova Scotia government is concerned I would say that this was a one-shot payment to assist the provincial government in connection with the development of Sisco—the Sydney Steel Corporation—in the problems of reorganization, the problems of getting this corporation on its feet, and this was a contribution in that regard. It was a straight grant.

**Mr. Smerchanski:** I do not want to interrupt but that is on that \$20 million, is it?

**Dr. Weeks:** No, that is a special vote of \$2 million. The situation in Bell Island, as I need hardly stress to Mr. McGrath, is a more complicated one. I may say in this regard that the reason for having the \$1,750,000 was twofold. First, we wanted to be in a position to provide assistance to those people leaving the island and having to give up their homes because the market value of the homes in Bell Island once the mine had closed obviously would be very little. It was decided that when they left Bell Island they would get \$1,500 of which three-quarters would be paid by the Board and the house would be turned over to the provincial government.

**Mr. McGrath:** The \$1,500 would prevail regardless of whether it was a \$40,000 home or a . . .

**Dr. Weeks:** Yes, it was a flat rate.

**Mr. McGrath:** . . . or a \$5,000 shanty.

**Dr. Weeks:** That is right, and I would not wish to comment here whether or not I think that is enough money.

**Mr. McGrath:** Perhaps I could interrupt you, Doctor. Have you had a request from the special committee set up to administer this fund to have this amount increased?



**Dr. Weeks:** We have not had an official representation, no.

Might I just go on to say that under the special program—three-quarters ADB and one-quarter province—somewhere between—I have not got the exact figure here—350 and 375 houses have been purchased.

The second part of this program was to assist mainly retired people and dependants who were not in the labour force to move from the island and who incidentally would not yet come under the Manpower Mobility Program. Under this special mobility provision we have moved 225.

I think I might add that it is pretty obvious, Mr. McGrath, that this could hardly be regarded as highly successful. I think there have been many reasons for this: problems of housing elsewhere—when I say housing elsewhere I mean not only availability of houses physically but availability of houses at a reasonable price; the comparatively low level of skills of some of those leaving and the difficulty in finding jobs elsewhere to fit their skills; and a shortage of the type of jobs which these people could do in various parts of Canada. This has been a slowing factor.

Recognizing this, we are currently undertaking with the provincial authorities and with other federal agencies like the Manpower people a review of this program to see (a) where it has gone, (b) why it has not gone further than where it has gone and (c) the so what.

**Mr. McGrath:** Dr. Weeks, why was not such a study undertaken before you embarked on this program, which obviously has failed since there are still 6,500 people left on the island out of a population of 12,000. I think even the Board will now agree that this is about the level of the population which will remain there, and of course it is also common knowledge that practically the entire population left there are recipients of dole.

**Dr. Weeks:** Yes.

**Mr. McGrath:** Why was not a study undertaken before this program was embarked upon?

**Dr. Weeks:** Might I answer that by saying it was. We had the aid of the Dominion Bureau of Statistics in surveying every household in Bell Island, and we discussed in detail with relevant authorities what might be done. We had suggested that one of the obvious points was going to be assistance on housing to supplement the work of the Manpower Mobility Program. I think the assistance on housing has not proven to be enough to provide stimulus for someone to give up his home because he feels he is out in the cold somewhere else.

I would not go along with you on the point that we did not look at this problem very carefully before we moved. I think our moves were very tentative. I would agree with you that you could scarcely say they had succeeded and I therefore think that it is pretty obvious that we are going to have to reassess this whole thing.

**Mr. McGrath:** Dr. Weeks, I say to you with great respect—because you are held in great esteem in the Atlantic provinces—that surely this whole concept, this whole plan in relation to Bell Island is in contradiction to the concept of ADB, which is a development board. Here you move in, take over an agency that has been left high and dry by a bunch of buccaneers from Fleet Street and instead of coming up with some sort of a plan of action to provide jobs for the people who have been dislocated by the abandonment of the mine by Dosco, you immediately set out to move them.

**Dr. Weeks:** Let me just indicate here, Mr. McGrath, that we had very carefully looked into the question of what could be done about attracting new industry into Bell Island. We were aware that it was tough enough to get new industry into St. John's and that it was going to be an awful lot tougher to get new industry into Bell Island, and it did not seem to us, when we followed through on various lines of investigation, that it really was going to be possible, practically, to encourage a long-term viable industry to establish there. That is a blunt answer but that is the answer.

**Mr. McGrath:** I do not want to argue this point, Mr. Chairman, because it is a matter of opinion I suppose, but certainly one would not expect the Atlantic Development Board to come up with a long-term viable industry to replace the Dosco operations. But surely a study should have been undertaken to see what kind of supplemental industry, if you like, could be made available—for example, agriculture, fishing, service industries, or even the establishment of a federal institution—a penitentiary, similar to what was done in Springhill, Nova Scotia.

**Dr. Weeks:** I may say that your latter point was investigated with relevant federal agencies and we did not get any positive answer in that regard. We looked at the question of agriculture and came to the conclusion that at best this could not employ many people. We discussed the matter of fishing with fishery authorities, both federal and provincial, and again got an answer that this at the very best could only look after the needs of a few people.

**Mr. Lundrigan:** Could I ask a supplementary question?

While we are talking of this human social economic modern tragedy—which is what it really is—what is the basic difference between what has happened in Nova Scotia and what has happened in Newfoundland with respect to basically the same kind of a problem? It seems that to some extent a finger is being pointed at provincial authorities in this respect. I cannot see the great difference between the situation that existed on Bell Island and that which existed in Nova Scotia, but which never ended up in the tragedy that we experienced in Newfoundland. What is the reason that there is a rather prosperous provincial setup flourishing right now in Nova Scotia and we have a modern human tragedy in Newfoundland?

**Dr. Weeks:** I think you would have to allow for the fact that there is quite a considerable difference between what might be done in Sydney and what could have been done in Bell Island. In Sydney you are dealing with a metropolitan area of perhaps 125,000 people; it is not just a question of coal mines but also a question of a steel industry, and the chances of encouraging alternative industry are a great deal greater in an area of 100,000–125,000 with direct mainland connections than they are in a small island of 6,000 or 7,000.

**Mr. Lundrigan:** Next to 100,000 population in St. John's right next door.

**Dr. Weeks:** Yes, but in this regard you might get the answer: Would it not be better to have your industrial development in St. John's and have the people working there in St. John's?

**Mr. McGrath:** Yes, but Dr. Weeks, you had a population of 14,000 here and an industrial community that was at least 70 years old. Could you not look upon it as a sort of makeshift mining operation which had been worked out?

• 1250

**Dr. Weeks:** I appreciate your point and, as you know, I devoted a great deal of personal attention to try to get this mine under other operations, and to get the mine started again with, I may say, at times encouraging and then ultimately very discouraging results. The real fundamental problem is whether it is at all feasible to establish an industry. And incidentally when I say an industry, I do not think personally that agriculture and fishing would provide your answers. It did not look to us as if a penitentiary was going to provide the answers. So, you would have to turn to other things and you would have to turn to an industry that would be employing many people.

**Mr. McGrath:** Dr. Weeks, do you think that dole and welfare provide the answers?

**Dr. Weeks:** No.

**Mr. McGrath:** Surely you must be aware, and the government must be aware, although the facts would seem to indicate otherwise, of the real human tragedy that is taking place in this particular place today. If you go there you can see this and readily appreciate it. There are people who are walking around like dead men—like zombies—because they have been robbed of initiative, their pride has been taken away from them, they have nothing to do except receive their dole cheques once a month or twice a month, or whenever they receive them.

We have the Atlantic Development Board, the FRED program, the ARDA programs, many great programs. We have our foreign aid program; we can concern ourselves with Biafra. Yet we have a human tragedy right at our own doorstep. None of these agencies that we have heard about this morning—FRED, ARDA and, regretfully, the Atlantic Development Board—have...

**Dr. Weeks:** Let me say right away that I entirely agree with you about the nature of this problem. One of my own men keeps in close touch with this, and we know that the situation has reached a desperate point. I think this is recognized in the whole department; I think it is recognized everywhere. I think it is equally recognized that very special measures are going to have to be taken by somebody on this. Let me just emphasize again that we are having a complete re-assessment carried out on this. I agree with you entirely that it is a most desperate problem.

**The Chairman:** Mr. McGrath, would you be too upset if we passed to Mr. MacDonald so that P.E.I. gets just one chance for some representation.

**Mr. McGrath:** With the understanding, Mr. Chairman, that the Committee will be indulgent with me because this is a real problem, and allow me to come back to it. I represent these people. They are today hopelessly involved in a human tragedy and I want to know what this government is going to do about it and, more specifically, what this agency is going to do about it. I would like to get back in that connection.

**The Chairman:** That is fine, Mr. McGrath.

**Mr. Lundrigan:** Just so I will not take the time of this Committee about three or four years from now with the same kind of conversation, may I make Dr. Weeks aware of just one situation? That is, that the community of Fogo—Fogo Island—with 5,000 people is my Bell Island in my riding. If something is not done, I will be indulging in the



same kind of conversation three or four years from now. So that we will not have to, after the fact, debate what was a modern tragedy, I would like to serve notice in that respect. I just do not want to take the time five years from now to do the same thing.

**The Chairman:** Mr. MacDonald.

• 1255

**Mr. MacDonald (Egmont):** I would like to come back, Dr. Weeks, to the first principles behind the establishment of the Atlantic Development Board. I remember at the time the Atlantic Development Board was first established and the first chairman was appointed, he suggested that if this Board was really to tackle the serious problems of the Atlantic Region, that upwards of \$1 billion would have to be invested in the work that the Board would do. Even though that seemed like a fairly large figure back five or six years ago, I do not think it really was an astronomical figure. We are now using similar figures even talking about individual provinces. Whether they are going to end up being firm figures or not, we do not know.

When you look at what has actually been expended over the last five-year period, it really comes only to about 11.7 per cent of \$1 billion. It seems on that basis at least, that the commitment to tackling the serious problems of the Atlantic Region has not been as great in anybody's estimation as it should have been.

There was an earlier question by Mr. Smerchanski with regard to trying to estimate the lowering of cost that might have taken place with regard to power, but I would like to look at the over-all picture. I wonder, after five years and a bit of operation, to what the Atlantic Development Board might point in terms of what it has been able to do with chronic unemployment in the Region, with the great question of regional disparity as it exists when you compare the standard of living between the Atlantic Provinces and the average across Canada, and with what we have been able to do to improve some of our basic problems.

Transportation has likely grown a bit worse, if anything, over the last years rather than better, in terms of both the costs in transporting and the difficulties we have in transport. Another area, of course, is the question about migration which has seriously sapped the productive element of our society.

I assume that attempts to adequately measure the effectiveness of ADB are going on right now, not only within ADB but also within the corridors of those who are drafting policy or a program for this new department of regional development. I am wondering whether you would like to respond to

this kind of general question and indicate to the Committee the success, or otherwise, of ADB over the last half decade?

**Dr. Weeks:** When you make it a half decade it sounds like a long time.

First of all, I will comment on your \$1 billion. I think we should allow for the fact that you were referring to a couple of hundred million dollars, \$117 million actually we have spent—just this agency. Now, I think the first Chairman of the Board probably had in mind not just the question of ADB, but of federal expenditures in general and, of course, the figure would be quite a lot higher if you added in the expenditures made by other agencies like FRED, ARDA, ADA, and so on. It certainly would not, in the five-year period, have totalled \$1 billion, but it would be quite a lot more than \$117 million.

My second point is about the results, the achievements of the ADB as far as unemployment, standard of living and migration is concerned. I think you must understand that the ADB, at this stage in its career, prior to all the background analyses being made, was, as I said earlier, moving in obvious fields, but in obvious fields designed to provide a setting. That was a power setting, a transportation setting, a setting as far as industrial parks and water is concerned, and research. You do not, by definition, get results that are easily measurable when you have just spent your \$117 million, when much of that \$117 million has been spent in the last two years, and when you are spending this on basic framework.

It is much easier to measure, shall we say, the results of an expenditure under ADA for some plant, which came in, and say that it is now employing 1,000 people and that there were not those people there before, than to measure the business of providing the setting without which industry would not establish at all, the setting of better roads, better power, better research facilities, and industrial parks. I do not think you can at this stage come out and honestly indicate exactly how much of this was due to the ADB. All I would say is that it is the type of setting, it is the type of framework you must have if you are going to go on with the other things.

My third point is on transportation. Let me say that we have, I think, had quite a lot to do with the fact that 475 miles of trunk highway has been improved. I think this is important. One of the elements in lowering transportation costs is to provide adequate competition between different modes of transportation.

One of the problems that has affected the Atlantic Region in the past has been this situation of rather inadequate competition between rail and road, as compared to the central provinces. One way in which you are going to get competitive rates on a

larger volume on Atlantic Province goods is to have the type of road which enables truck transportation to play the kind of role it is playing in other parts of Canada. So, I think, indirectly we are going to have an effect on this. Also, too, of course, there obviously will have to be a new transportation policy for the Atlantic Region anyway, and that is, I assume, a thing that will come up in the government before very long.

**Mr. MacDonald (Egmont):** The transportation one, to which I referred last, is rather a paradox. The theory may be fine, but although you have been improving these 475 miles of trunk roads we have had an increase, not a decrease, in our freight rate structure. Of course, we have a special situation in our freight rates, but even considering that I think it would be difficult to say that we are in any better position. In some ways, several of our producers are not in as good a position as they were perhaps a few years ago.

I would, however, like to come to something you yourself mentioned earlier and in which I have been extremely interested.

You have mentioned that obvious fields have been invested in. I could be bold enough to suggest there are not many obvious fields because of the problems that we have been faced with.

As a matter of fact, one of the great problems we have had is that there has been a very real confusion in goals and in concepts of what needs to be done in the region. For this reason I have been looking forward to the development of a rationale for the work that is being, and will be, done by the Atlantic Development Board. For some months—it seems like years—we have been promised such a report in various forms. I have seen no evidence to date.

**Dr. Weeks:** Mr. Chairman, perhaps I can make a few comments at least to defend my flank. Again, I will put it on an A, B, C category. I will not, incidentally go into the general background of how our planning is carried out; time does not permit.

I will make just three comments.

(A) The studies which have been made on individual sectors in the economy are virtually complete and are in the course of publication by the Board. These we hope, will provide the background material for wider public participation in where we are going.

(B) The total aggregate impact study, that is, the interlocking effect of developments in various sectors, is being put through a model in January.

(C) Any public statement—and I watch myself here—on development policies can only follow extensive discussions with the provinces at the senior political level. The technical studies have

always been made in co-operation with the provinces and, in fact, have been supervised by joint Board-provincial committees. Any ultimate statement to be made about the results of all this will, I think, have to be made within the framework of the new Regional Development Department.

**Mr. MacDonald (Egmont):** One of my worries on this question, quite frankly, is that we already have a number of localized development programs in the process of inauguration. Some of them cover areas, as the two in New Brunswick and the one in Nova Scotia, and another covers a whole province as in the case of Prince Edward Island.

What is the arrangement about your producing some kind of master plan? Is that going to come after the fact of these various, perhaps uncoordinated, regional—"regional" in the other sense—development programs?

**Dr. Weeks:** I would assume that from now on—and I am subject to correction from Mr. Blake—the planning activities of the ADB and of ARDA-FRED will be knit into one cohesive force.

**Mr. MacDonald (Egmont):** What you are saying is that previous to this a good deal of money has been spent in a parallel project. In the case of Prince Edward Island I think well over half a million dollars has been invested, much of it federal funds, coming from the original Department of Forestry and Rural Development.

At the same time, there were extensive surveys; and the duplication does not end there, because two or three other federal and provincial agencies have been carrying on their own comprehensive development plan projects.

**Dr. Weeks:** May I point out, though, that we are perhaps not too blind. We have not spent money, as a general principle, duplicating what was being studied in Prince Edward Island under FRED. We have contributed to a few of the studies, but we have not carried out extensive surveys in agriculture supplementing those that were done under FRED.

We have endeavoured, as far as possible, by collaboration between my planning officials and those in ARDA-FRED, to make sure that we are not asking consultants to plough the same ground; although we may provide supplemental information here and there.

**Mr. MacDonald (Egmont):** I realize there is a time limit. I will break off there. Perhaps we will have an opportunity later to come back to this question.

**The Chairman:** Mr. Marshall?

**Mr. Marshall:** I have one short question. If the ADB is phased out, as is published, will you just be absorbed by Regional Development or will you be able to act with the same initiative that you have had in the past?

**Dr. Weeks:** This is a very difficult question for me to answer. It is in an area that is perhaps beyond my control.

**Mr. McGrath:** Will the ADB be appearing before us again?

**The Chairman:** I do not think so. I hope that Dr. Weeks will come back, probably in February, when we are reviewing the 1969-70 figures.

**Mr. McGrath:** That is too bad, Mr. Chairman. I wished to develop my line of questioning much more extensively. We had questions not only on Belle Island but on other areas as well. This Board is of vital importance, particularly to those members of this Committee who are from the Atlantic Provinces. To gloss it over in an hour and a half seems to me to be ...

**The Chairman:** Mr. McGrath, I appreciate your problem and its importance, but, as you well know, we are faced with a shortage of time.

**Mr. McGrath:** All that the people in Belle Island have left is time.

**The Chairman:** It is entirely up to the Subcommittee. If you can convince your representative on the Sub-committee that we should spend more time on it we will do so at the expense of something else.

**Mr. McGrath:** Mr. Chairman, what of the suggestion, on motion that was made at our organizational meeting, that we be empowered to travel to the various regions in Canada?

**The Chairman:** Probably when we complete our present study of the Estimates and are into the new Estimates, which is, mind you, only a month and a half or two months away, you can expand on some of your lines of questioning and we can develop points of interest which we possibly could investigate on the scene.

**Mr. McGrath:** Because we are going to lose Dr. Weeks after this morning, would you entertain a motion that we go to Belle Island?

**The Chairman:** I doubt that this is the time to do it, but we will certainly keep it in mind.

**Mr. McGrath:** That is rather a vague answer, Mr. Chairman.

I have to go back and answer to these people. The situation is desperate—truthfully it is. It is a tragedy that is being allowed to continue day after day. Dr. Weeks' agency has been the one most involved in this particular human tragedy and it seems to me to be grossly unfair that we should not have another opportunity to go into this matter in much greater detail.

**The Chairman:** Mr. McGrath, you have made your point. Much as I would like to entertain your motion now and get away from this vagueness that you have mentioned we do not have enough members here formally to vote on it.

We will take it up again with the Subcommittee and try to clarify the position for you.

The meeting is adjourned.



APPENDIX "A"

ARDA AND FRED EXPENDITURES BY PROVINCE, INCLUDING CANADA LAND INVENTORY  
AND RESEARCH WITH THE PROVINCES

	1965-66		1966-67		1967-68	
	ARDA	FRED	ARDA	FRED	ARDA	FRED
	\$	\$	\$	\$	\$	\$
Newfoundland.....	468,723	—	578,122	—	536,240	—
Prince Edward Island.....	244,138	—	419,516	—	342,729	—
Nova Scotia.....	524,251	—	1,350,829	—	1,767,268	—
New Brunswick.....	448,026	—	596,647	—	1,303,369	4,284,207
Quebec.....	5,467,021	—	4,651,102	—	6,159,809	—
Ontario.....	211,811	—	1,851,878	—	6,048,692	—
Manitoba.....	1,169,118	—	1,236,312	—	1,445,221	1,750,985
Saskatchewan.....	2,341,297	—	2,604,594	—	2,604,466	—
Alberta.....	513,588	—	1,366,729	—	1,849,267	—
British Columbia.....	744,983	—	1,660,948	—	1,876,933	—
	12,132,866	—	16,316,677	—	23,933,984	6,035,192

NOTE: Payments to the Provinces provided for in the 1968-69 Estimates are:

ARDA.....	\$ 18,000,000
FRED.....	9,600,000

The amounts to be paid to each of the Provinces are not yet determined, as they are established in part by work done and claims submitted by the provinces.



## APPENDIX "B"

CRITERIA FOR DETERMINING  
DESIGNATED AREA ELIGIBILITY

Under the criteria for designation that have been established, an area may be designated under Section 9 of the Department of Industry Act if it is

- (a) A Canada Manpower Centre area in which for the most recent five years.
  - (i) the unemployment rate is at least 200 per cent of the national average; or
  - (ii) the unemployment rate is at least 150 per cent of the national average and the rate of employment growth is less than two-thirds of the national average rate.
- (b) A Canada Manpower Centre area in which for the most recent five years there has been a decline in the level of employment.
- (c)
  - (i) A Canada Manpower Centre area in which the average annual non-farm family income is below \$4,250;
  - (ii) A Canada Manpower Centre area in which 40 per cent or more of all non-farm families have an average annual income below \$3,000.
- (d) A county or census division in which the average annual non-farm family income is below \$4,250, provided it is contiguous to areas that are designated by the foregoing criteria and which, together with these areas, form economic regions or districts.
- (e) A group of Canada Manpower Centre areas traditionally recognized as a distinct geographic and economic region which, considered as a whole, meets one or more of the foregoing criteria.
- (f) A Canada Manpower Centre area which was designated under Order-in-Council P.C. 1965-1394 of August 4, 1965, and which had an average unemployment ratio in the area, relative to the national average, which was not lower in the most recent 12 months than the average unemployment ratio in the period for which the area originally qualified for designation.

Areas designated in accordance with the foregoing criteria shall exclude the sparsely populated northern parts of the country and the northern boundaries of designated areas shall be drawn along county or census division or sub-division lines which correspond to the boundaries of recognized economic districts.

AREA DEVELOPMENT PROGRAM

*Canada Manpower Centre areas that qualify for designation:*

<i>Newfoundland</i>	<i>New Brunswick</i>	<i>Quebec</i>
Corner Brook	Bathurst	Alma
Grand Falls	Campbellton	Baie Comeau
St. John's (Labrador*)	Edmunston	Buckingham
	Minto	Causapsal
	Moncton	Chandler
<i>Nova Scotia</i>	Newcastle	Chicoutimi
Amherst	St. Stephen	Dolbeau
Bridgewater	Sussex	Forestville
Inverness	Woodstock	Gaspe
Kentville		Jonquiere
Liverpool	<i>Ontario</i>	Lachute
New Glasgow	Bracebridge	La Malbaie
Springhill	Elliot Lake	La Tuque
Sydney	Hawkesbury	Louiseville
Sydney Mines	Kirkland Lake	Maniwaki
Truro	New Liskeard	Matane
Yarmouth	North Bay	Megantic
	Parry Sound	Mont Laurier
	Sturgeon Falls	Montmagny
<i>British Columbia</i>	Timmins	New Richmond
Kelowna		Port Alfred
Penticton	<i>Manitoba</i>	Rimouski
Vernon	Brandon	Riviere du Loup
	Dauphin	Roberval
<i>Saskatchewan</i>	The Pas	Shawinigan
Lloydminster	Selkirk	St. Jerome
North Battleford		Ste. Agathe
Prince Albert	<i>Prince Edward Island</i>	Sept-Isles
Yorkton	Charlottetown	Ville St. Georges
	Summerside	Levis

*Counties and Census Divisions that qualify for designation:*

Queen's, N.B.	Census Division 3, Man.
Beauce, P.Q.	Census Division 10, Man.
Berthier, P.Q.	Census Division 18, Man.
Labelle, P.Q.	Census Division 19, Man.
Pontiac, P.Q.	Census Division 5, Sask.
Haliburton, Ont.	Census Division 10, Sask.
Parry Sound, Ont.	Census Division 13, Sask.
Manitoulin Island, Ont.	Census Division 12, Alta.
Census Division 2, Man.	Census Division 13, Alta.

\*To include Lake Melville district and coastal settlements south of the 55th parallel.

APPENDIX "C"

THE ATLANTIC PROVINCES POWER DEVELOPMENT ACT

The following tabulation details Subventions paid and Advances made (including Estimates for 1968-69) under the provisions of the above mentioned, commencing 1 April 1964:

Fiscal Year	Subventions	Advances	Totals
	\$	\$	\$
PROVINCE OF NEW BRUNSWICK			
1964-65.....	781,338.00	1,865,622.50	2,646,960.50
1965-66.....	1,279,805.12	659,351.25	1,939,156.37
1966-67.....	935,575.46	7,068,241.47	8,003,816.93
1967-68.....	822,937.41	8,813,551.88	9,636,489.29
1968-69.....	494,000.00	12,826,000.00	13,320,000.00
	4,313,655.99	31,232,767.10	35,546,423.09
PROVINCE OF NEWFOUNDLAND			
1964-65.....	—	—	—
1965-66.....	—	3,036,187.29	3,036,187.29
1966-67.....	—	14,203,770.53	14,203,770.53
1967-68.....	—	10,015,748.44	10,015,748.44
1968-69.....	—	17,597,000.00	17,597,000.00
	—	44,852,706.26	44,852,706.26
PROVINCE OF NOVA SCOTIA			
1964-65.....	1,183,952.00	—	1,183,952.00
1965-66.....	1,895,337.77	—	1,895,337.77
1966-67.....	1,902,582.26	15,453,988.00	17,356,570.26
1967-68.....	1,566,976.03	11,080,097.84	12,647,073.87
1968-69.....	1,206,000.00	22,679,000.00	23,885,000.00
	7,754,848.06	49,213,085.84	56,967,933.90
	12,068,504.05	125,298,559.20	137,367,063.25

OFFICIAL REPORT OF MINUTES  
OF  
PROCEEDINGS AND EVIDENCE

This edition contains the English deliberations and/or a translation into English of the French.

Copies and complete sets are available to the public by subscription to the Queen's Printer. Cost varies according to Committees.

Translations under the direction of the Bureau for Translations, Secretary of State.

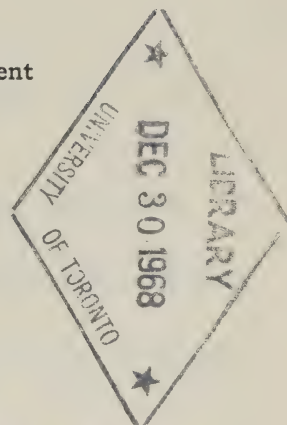
ALISTAIR FRASER,  
*The Clerk of the House.*



HOUSE OF COMMONS

First Session—Twenty-eighth Parliament  
1968

---



STANDING COMMITTEE

ON

# REGIONAL DEVELOPMENT

*Chairman:* Mr. JOHN MORISON

---

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

---

FRIDAY, NOVEMBER 22, 1968

---

Revised Main Estimates (1968-69) of Regional Development.

---

APPEARING:

The Honourable Jean Marchand, Minister of Forestry and  
Rural Development.

---

WITNESS:

*From the Department of Forestry and Rural Development:*  
Mr. Tom Kent, Deputy Minister.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1968

STANDING COMMITTEE  
ON  
REGIONAL DEVELOPMENT

*Chairman:* Mr. John Morison

*Vice-Chairman:* Mr. Alexandre Cyr  
and Messrs.

Breau,  
Broadbent,  
Comtois,  
Gauthier,  
Guay (*Lévis*),  
Honey,

Korchinski,  
LeBlanc (*Rimouski*),  
Lessard (*Lac-Saint-  
Jean*),  
Lundrigan,  
MacDonald (*Egmont*),

Mazankowski,  
McGrath,  
Nystrom,  
Roy (*Laval*),  
Smerchanski,  
Stewart (*Marquette*),  
Whiting—20.

(Quorum 11)

R. V. Virr,  
*Clerk of the Committee.*

## MINUTES OF PROCEEDINGS

(Text)

FRIDAY, November 22, 1968.

(3)

The Standing Committee on Regional Development met this day at 9:50 a.m., the Chairman, Mr. John B. Morison, presiding.

*Members present:* Messrs. Breau, Comtois, Lefebvre, LeBlanc (*Rimouski*), Lessard (*Lac-Saint-Jean*), Lundrigan, MacDonald (*Egmont*), Mazankowski, Morison, Roberts, Roy (*Laval*), Whiting—(12).

*Also present:* Mr. Marshall.

*In attendance:* Hon. Jean Marchand, Minister of Forestry and Rural Development; Mr. Tom Kent, Deputy Minister of Forestry and Rural Development.

The Minister of Forestry and Rural Development was invited to make a statement to the Committee and was questioned thereon.

The Committee also questioned the Deputy Minister.

At 11.00 a.m., the Committee adjourned to the call of the Chair.

Edouard Thomas,  
*Acting Committee Clerk.*





## EVIDENCE

(Recorded by Electronic Apparatus)

Friday, November 22, 1968.

• 0950

**The Chairman:** Now that Mr. Whiting is here we can start.

Mr. Marchand, the Minister, is with us this morning. He is going to outline the policies and the ideas behind the regional development department. I suggest that we defer questions until he has finished speaking. Thereafter, he and Mr. Kent will be ready to answer any questions or problems you might have.

Mr. Marchand?

**Hon. Jean Marchand (Minister of Forestry and Rural Development):** Gentlemen, I am very appreciative of the opportunity to say something about my Department at the beginning of your examination of the Estimates for the current year.

You understand, I am sure, that these are not the Estimates of the new department. What we have done is to collect together, under the heading of regional development, the estimates which had been prepared for the various units when they were located in other departments. We have taken the ADA part out of the Department of Industry, and so on.

So these estimates really pre-date the decision to set up the new Department. It will be the estimates for 1969-70 that begin to reflect the co-ordination of effort for which we are responsible.

I believe we are engaged in a most fundamental change of policy which will, in time, prove to be of very great significance for our country. But it would be no use pretending that we are going to work sudden miracles, and it would be foolish to start making great new expenditures, even if we could afford them, before we have planned our strategy, which must be done in close consultation with the provinces, so that we have a basis

on which to determine priorities and get the best results for the taxpayers' money. In that spirit, I think the most useful thing I can do this morning is to try to outline for you the way I see the job that we are undertaking.

Let me say first that I see it as a new phase of regional development, which I think may be called the third phase. Before discussing the new phase, it may be useful first to go back and look briefly at phases one and two.

For a long time after the establishment of Confederation, the emphasis of federal policy was on national economic development. There was an underlying assumption that the development of a unified market economy, held together by regional specialization and east-west trade, would almost automatically result in all regions sharing as fully as possible in the growth and prosperity of the Canadian economy.

The great depression in the 1930's shattered this assumption by glaringly exposing the fiscal weaknesses of the poorer provinces. The famous Rowell-Sirois Commission formulated the concept that the Canadian fiscal system should make it possible for every province to provide for its people services of average Canadian standards, without the necessity of imposing heavier than average tax burdens.

This concept has been implemented since the war through the fiscal equalization arrangements. And while these arrangements could not, and did not, get at the causes of disparities, they have nevertheless played an essential role in preventing the gaps from widening. Over the twelve years to next March 31, equalization payments to the so-called "have-not" provinces will have amounted to slightly over 3 billion dollars.

[Interpretation]

The system of fiscal equalization payments was the first phase of the evolution of regional policy. In fact, during the period of great

economic prosperity which followed the Second World War, we became quite convinced, in any case in Central Canada, that the system of fiscal equalization recreated a climate within which economic policy could again be based upon the growth of the country as a whole. There was no need for the federal government to concern itself too directly with regions as such, providing it maintained the equalization system.

The recession which began in 1957 shook the grounds on which was based this new concept and has led us, with some delay, to the second phase of regional policy.

That period was characterized especially by a growing awareness in the persistence of regional inequalities and their serious repercussions at the economic, social and political levels.

Reactions were many and varied. The federal government has instituted various programs and has established several bodies all of which are oriented towards specific aspects of the problem dealing with regional inequalities. As a result, we have witnessed the creation of ADR, the Atlantic Development Board, ARDA and FODER, by the Department of Manpower and Immigration, and also the creation of the Cape-Breton Development Company.

#### ● 0955

No matter what criticisms are leveled at these various bodies, they have nonetheless not been inactive. As an example, let us take the ADR program. While admitting that it shows certain weak spots, we should remember that capital grants by ADR in the Atlantic provinces amounted to 114 million dollars at mid-mark of the present year. These subsidies were directly responsible for the creation of 19,000 jobs in the region. Thus, a whole series of bodies have been created the objectives of which are similar, but whose action mechanisms were unfortunately not linked together. We must admit, I believe, that the latter have not lived up to the Economic Council's recommendation according to which they constituted: "The most efficient set of policies aiming at obtaining an improved regional balance along with the realization of our other fundamental economic and social objectives".

In spite of the best will in the world, it is not possible to select the real priorities nor to obtain the most effective action when four or

five distinct bodies are involved which fall under the jurisdiction of four of five different ministers. I am certain that the bodies under consideration have tried to avoid duplication and incoherence. However, they were unable to achieve this completely, and this led to a number of useless and ineffective efforts.

The realization of this state of things has given rise to a third phase in the history of regional development, marked by the federal government's decision to create a new Department having overall responsibility for planning and coordinating regional development efforts. This goes much further than the centralization of present programs in order to eliminate duplication and improve the effectiveness of governmental administration. This already represents a step forward, but we intend to go much further.

[English]

The new department is being created essentially because regional development is a matter of top priority for the federal government. If we are to have a united Canada we must remove large disparities between the conditions of life in different regions and areas. If we are to have a just society all Canadians must have the opportunities to participate in social and economic progress, irrespective of the area in which they live. If we are to have true prosperity the regional parts of the economy must work together more smoothly than they have in the past.

We must therefore make some fundamental changes. We cannot allow the economic structures of the regions to remain so different that there is severe unemployment in eastern Canada even when the expansion of demand in central Canada is getting to inflationary proportions.

We have to see that the forces of economic demand operate more consistently across the country, or, to put it in another way, our job is to see that economic growth is dispersed widely enough across the country to provide equal access to opportunities of productive employment for Canadians everywhere.

That is our approach to a regional development policy. The government is prepared to take special action where it is needed to bring opportunities up to standard. Broad national policies for employment are not enough. And it is not sufficient just to add to them a variety of area plans and agencies. There has to be a comprehensive structuring of government action to regional needs.



I am not in a position today to unfold a great plan for making this fundamental change in the Canadian society and in the economic structure of Canada. I have been the Minister for less than four months and, indeed, the Department does not yet have formal existence. I am not as fast as the Marshall Plan!

● 1000

But I want to make it clear that we are aiming at a fundamental change, a change of the greatest significance. And I want to advance for your consideration a few main principles which, I believe, should guide us in our work.

[Interpretation]

First of all, we must understand clearly that we are not dealing with a transformation that can be brought about overnight.

This we know, and yet we do forget it occasionally. It is tempting to apply the term "regional development" all kinds of expedients which may be useful on a short-term basis but which do not solve the real problems.

We shall resist against this temptation and try to tackle the only real problems which are sizeable problems indeed.

However, while avoiding to waste our energy by merely trying to patch up our problems, we shall however not cease our action under the pretext of preparing vague long-term projects. As Lord Keynes said so strikingly: "In the long run we are all dead."

It would seem to me that, in so far as we are concerned, the most sensible and most effective way of operating lies in the middle-term, i.e. mid-way between short-term expedients and vague long-term projects. Therefore, I propose that both planning and implementation be conceived in terms of a 15 year period of time.

Permit me to reiterate my first principle: we shall not have recourse to short-term expedients or to vague long-term intentions. We want to realize constructive, practical projects on a short-term basis. Hence, we shall include in our planning all the various efforts which we intend to undertake during the next fifteen years.

If we are successful in reaching our objective and if those who succeed us continue our work, it will be possible to bring about a fundamental transformation of the Canadian

economy to the point of making available good employment opportunities to people living in any part of the country, whether in the East, Central Canada, or in the West.

Towards this end, I repeat that we wish to bring into being constructive and practical projects. This brings me to my second principle. The resources of the government—I should say of the taxpayers—are not unlimited. This is something about which, I am sure, we are all very particularly conscious these days. Consequently, we shall have to make a choice, and it will have to be a judicious choice.

While some measures will be far reaching, others will be of a more limited nature. However, and this I wish to repeat, all of them must be judged in accord to their contribution of the realization of a broader economic growth. They must not be chosen under the pretext that they provide a temporary solution to a problem. Should they also have this effect, all the better, but they are not relevant in the costs and profits analysis.

This means that the choice of projects will not be based on the fact the same are spectacular or that specific interests press for its realization. We are not in quest of "white elephants".

Furthermore, great ideas, even very daring ones, do not frighten us. We aim high. We know where to find the lever which will ensure a strong economic growth in each region. It is necessary to create industries that will be able to sell a far greater quantity of products to the rest of the country and abroad. If this export of products is realized, local market growth will follow. But the upswing will first have to be set in motion by opening up new external markets.

This upswing seems to us all the more possible as we have at our disposal today a new technology and new means of transport. No doubt, it will demand a number of prerequisites. A good amount of sizeable investments will be required both from the public and the private sectors. What is of primary importance though, is to find adequate stimuli to invite the appropriate industries to establish themselves in the proper areas.

● 1005

These are the prime movers of progress which we shall try to put into motion. These are the needs which we shall try to meet ingeniously and judiciously.

[English] ...

Let me pass to the third of my principles for regional development. It is going to be our job to ensure in future, through better co-operation and co-ordination with other departments, that the impact of federal action on regional growth and development is taken into account in all government decisions. Unless this is achieved, at the federal as well as at the provincial level we cannot adequately serve Canadians everywhere, in the spirit that is essential to our Canadian unity.

I want to balance that with a fourth point. We must look to regional interests. We must not confuse that with being parochial. Regional development does not mean that there are going to be more jobs in every county. It does not mean that there is going to be a new plant at every cross-roads, a new wharf in every harbour.

We must be clear that in the more prosperous regions of Canada the countryside is losing people; many villages and small towns are declining. The point about the prosperous regions is that in the cities and some towns the number of jobs is growing rapidly, and the people who are not doing well have somewhere to go to do better.

That is what economic development is about. Regional economic expansion, as I like to call it, means that the points at which development takes place are widely spread across all regions of Canada. Everybody does not move to Toronto. But we must be clear that in the modern, dynamic economy there have to be movement and change. Our concern is that movement and change should happen *within* a region, not by attrition of the region.

That leads me to my fifth point. I have been talking, in economic terms, about jobs and investments and locations. All that is fundamental to economic development. But it is not enough. Development is a process for people and of people. Individuals are involved as participants, as makers of it happening, as well as beneficiaries.

People will do the making all right, if the benefits are clear. But often the benefits are by no means clear and certain to those most affected. We are therefore talking not about industrial investment alone but about a whole process of development—about education, about changing motivations, about mobility, about training, about investments in

social capital, about sewers and drains and utilities, about local leadership and everything else. It is only if all this works together with new investments that we will get the full, permanent changes we are looking for.

Which brings me to my sixth and last point. What I am talking about is not federal business, period. It is not federal business alone any more than it is provincial business alone. It is joint business. It must be, because it embraces almost the whole range of public concerns that, in our federal system, are divided between the two levels of government. I want to make this very clear. The new department is coming into existence to make the necessary federal inputs to a development process that in a governmental sense is inherently federal-provincial, a joint process.

We are planning our efforts and structuring our organization on that basis. We are establishing ourselves to work with the provinces. We will work with them individually. We hope that increasingly, particularly in the Atlantic region, they will work with each other as well as with us.

There is, of course, a great deal of investigation and planning which must be done. However, we cannot wait for all the studies before we start some of the action. Over the next year or two, we will be moving forward with a good many major projects. But I do not apologize for saying that I see the really big efforts starting two to three years from now.

We must do a thorough planning job first; we and the provinces must do it together; and we must do it in consultation with voluntary organizations of all kinds, with the people themselves who will be affected, who will take opportunities, the only people who can make the plans work and will make them work provided we and they take time first to see where we are going.

It is in this spirit that we will do our planning: planning to attract new industries; to stimulate and aid the modernization and expansion of existing industries; to help industries to find customers; to structure transportation for the aid of marketing; to improve productivity and earnings by rationalization in the primary sectors of the economy; to provide all the infrastructure of utilities and services that is essential to healthy industrial growth, the kind of growth that is reproductive in the sense that one thing leads to another; that is true economic expansion.



• 1010

Some of this planning will take time. In the meanwhile, we intend to make the best possible use of the resources now available. I have, as you know, already had the privilege of announcing to the House the impending extension of the ADA program to include the cities of Halifax and Dartmouth, Saint John and Fredericton.

Much else is on hand. There is a proposed development plan for P.E.I., which we hope to initiate in co-operation with the Province before the end of this year.

Another priority task is the general review of the Area Incentives Program which is now underway. This review should result in major improvements, making the incentives more effective where they will do most good. I hope to be in a position to introduce new legislation next spring.

I mention these things to emphasize that, while the birth of a new approach to regional development means much readjusting and much new planning, we are not going to lose the momentum that already exists. We are going to harness it and move forward with it.

I believe that I have said enough at this time to give you a good idea of the approach we are taking.

In conclusion I would like to repeat that the solution of the problems of regional disparity within Canada turns on a new approach by both Federal and Provincial Governments. I believe that there is a new determination on our side, which is fully shared by the provinces, to see regional problems as a whole, to structure policies to meet different needs in different regions, so that people in all regions can make the most of opportunities that should belong to all Canadians. Thank you.

**The Chairman:** Thank you, Mr. Minister. Fellow members have indicated that they do have questions for you. I wonder, Mr. Breau, if you would like to lead off.

**Mr. Breau:** Yes, Mr. Chairman.

**[Interpretation]**

Sir, in your speech you spoke of participation by the population. Now, over the past few years—I refer especially to the north of New Brunswick—we have seen a program taking shape based on popular participation which was brought about through a mechanism which is perhaps somewhat new. I am

wondering what you think when you speak about participation by the population, because participation can mean a good many things. It may be a mechanism, as I just mentioned, which strictly speaking, groups the population which organizes itself; it could be in terms of activities undertaken by the Chambers of Commerce; it could be the province, because we have a democratic system. In your opinion, what would you expect the participation by the population to be.

**Mr. Marchand (Langelier):** There is no general answer on this question, because I think the way of cooperating in the plan will vary from one region to the other. This means that in certain areas there will be bodies, as is the case for instance in the lower Saint-Lawrence region and if the area of Gaspé. Their economic council is recognized by the province and by the federal government, and it is accepted as the spokesman of their associations as a whole. It is not we who decided to choose this method, it is the people of the region who set up this unique and truly representative council. In another region, another form of representation could be adopted, and I do not think we can give a general answer that would apply to all the different parts of Canada. Usually, this participation occurs through voluntary association. The important thing is to know whether sound associations are chosen and whether they are truly representative of the population. I shall let you judge by yourself what is going on in the north-east of New Brunswick. I am sure that if we discussed it thoroughly, we would agree on many topics. But, I am sorry, I cannot give you a general policy, except that we are ready to cooperate with the people from the area according to their own terms.

**Mr. Breau:** Nevertheless, your plans or your programs include subsidies or means of giving financial aid to those organizations. Will your plans, unless they be those of the provinces, help those bodies financially?

**Mr. Marchand (Langelier):** Yes, I know we have given help in the area of the lower Saint-Lawrence and we are still doing so. Now, this is not necessarily an "exportable" policy. The fact is that they have established a unique structure that is truly representative of the region as a whole: there is no need to consult great numbers of organizations because all are represented. In another area, it might not be possible to have such an

organization and we have not committed ourselves to subsidize all private organizations with which we cooperate.

• 1015

**Mr. Breau:** In regions like New Brunswick, for instance, about which a member from Newfoundland spoke yesterday, mentioning that there is a sector of the population of a region which because of a lack of employment and industrialization is leaving the area. People become discouraged, they are inactive. The problem of poverty exists perhaps throughout Canada, but in certain areas a high percentage of people suffer from poverty. This problem then handicaps development because it destroys a psychological climate which is necessary for the population. Will your Department tackle this problem of poverty, and at the regional level, will it be your Department's duty to deal with it, seeing as it becomes a regional problem.

**Mr. Marchand (Langelier):** It is not a direct objective of the Department of Economic Expansion to look after poverty but, indirectly, what we will do will help to solve the problem of poverty. But it is not as such that we will tackle it. We have no special jurisdiction in that field. However, we feel that if we succeed in certain areas of New Brunswick, in creating economic activity and producing employment, this will have repercussions on the problem of poverty.

[English]

**The Chairman:** Mr. MacDonald.

**Mr. MacDonald (Egmont):** Mr. Minister, first of all I have to say that for many Canadians of this country, perhaps in the majority of provinces, what will or will not happen in your Department over the next four years will be one of the most, if not the most, important aspect of government to them, because I think it is fair to say that there are two great questions in this country today that threaten the future of our nation. One is the question of how the two major language groups can learn to live together in some equality, and the other is very obvious, the very bad inequality that exists economically.

Inasmuch as the Department has now been created under you, sir, to take on the responsibility of dealing with this question, I think one of my first questions would be to ask

how you are going about planning for this Department. In other words, this morning in your comments and in your speech in Halifax you did indicate that people are going to be involved, both through the voluntary organizations that might exist and perhaps even individually. Does this mean that people are involved now in the consideration that is being given as to how an over-all program and policy of regional development can be established?

**Mr. Marchand (Langelier):** Well, you understand that the first step is to have a law constituting the Department itself. We have to know first if the Cabinet and the House of Commons agree on the way this Department should be constituted. So before we get in touch with people we have to define our own position with the Government. This is why up till now there has not been much consultation with people. We have met them, but before we know ourselves where we are going, it is very difficult to ask people for advice.

**Mr. MacDonald (Egmont):** To be more specific, I was wondering whether there are some consultations going on in terms of the structure, because I think that structures are very important. You referred to this in your own remarks on the Department that the structure under which this happens will obviously be important to the eventual effectiveness.

• 1020

**Mr. Marchand (Langelier):** Without revealing what is in the Bill which is before the Cabinet, I will say that the powers we are asking for are very wide and not specifically defined, so that we have enough flexibility to grow the structures of the Department. I do not think that all the structures of the Department would be reflected in the law.

**Mr. MacDonald (Egmont):** In other words you are simply going to clear the decks and move on later to develop various structures to deal with some of these things.

**Mr. Marchand (Langelier):** Mr. Kent, I do not know if you want to add anything to this.

**Mr. Tom Kent (Deputy Minister of Forestry and Rural Development):** No, I do not think so. Essentially we have to get the legislative structure first of all. We have spent a lot of time thinking about and indeed informally discussing how we will then implement



the structures but obviously we cannot make any decisions or get to the stage of formal consultations until we have the legislation.

**Mr. MacDonald (Egmont):** As I see it, one of the inherent dangers, perhaps even weaknesses in what will be constructed over the next few months, is the very vagueness of the term "region". I suppose if you asked everyone in this room today to define their understanding of regional development everyone would have a different answer. I am wondering whether you have reached the point or whether you will be reaching the point shortly of defining what you mean by "regions" for the purposes of development? Can you give us some criteria to help give the term "regional" a much crisper and sharper meaning than it has, or has had over the last little while?

**Mr. Marchand (Langelier):** We will have to have some kind of definition but I am just wondering if it is wise to have too precise a definition. We have one in ADA now: the "designated areas". It is well defined, inasmuch as it corresponds to the jurisdiction of the Canada Manpower Centre, and is too inflexible. It is not a good thing to have such rigid definitions and we should not have such a rigid definition of "region". We have to understand exactly what we mean when we talk about "region", but it should not be so precisely defined so that we become caught or engulfed in that definition unable to do anything if our programs do not meet this definition.

**Mr. MacDonald (Egmont):** I realize the difficulties that exist with certain kinds of inflexibility in programs. On the other hand I am wondering how you are going to establish a basis of working with the provinces. I am wondering also how you are going to measure your effectiveness over a time period, whether it is a time period of two or three years or a time period of 15 years as you suggest? Surely this has been the very weakness of programs we have had in the past. There has been no measurement clearly laid out so that we could know whether the money was being used effectively. You, yourself, mentioned that three billion dollars has been put into equalization payments. If that sum of money had been used in some measurable way to deal with these very problems we would not be meeting here this morning discussing regional disparity or regional development.

**Mr. Marchand (Langelier):** I do not think this is related to the absence of a formal definition of "region" or "area". It has nothing to do with it. It might have something to do with the efficiency of the program.

**Mr. MacDonald (Egmont):** Well, surely that is important though, is it not?

**Mr. Marchand (Langelier):** Yes.

**Mr. MacDonald (Egmont):** Otherwise you are negating a lot of what you said in your speech; that efficiency is important and I do not think you have actually used the term "Marshall Plan", but certainly the Prime Minister used the concept of the Marshall Plan. There were, perhaps not in the intent, but later, measurable gains made. Can there really be a successful program unless you have goals? This perhaps is another way of saying what I was asking a moment ago, in terms of the definition of regions or the measurement of effectiveness; that there has to be certain criteria or surely we are just going to repeat most of the weaknesses in the programs we are now in the process of reorganizing.

**Mr. Marchand (Langelier):** I have already outlined a certain number of goals and each program will have to have its own goals.

**Mr. MacDonald (Egmont):** Again I get back to what you have said in terms—and you, yourself have said this—that this new Department is going to have broad powers. You said in your statement this morning that it is going to have some control over every aspect of government policy with regard to regional development. Do you say that this was not in the speech?

• 1025

**Mr. Marchand (Langelier):** No, I did not say that we were going to "control". I said better co-ordination between...

**Mr. MacDonald (Egmont):** I think it was a little stronger than that.

**Mr. Marchand (Langelier):** Was it? We had better refer to the text...

**Mr. MacDonald (Egmont):** Right. Yes, I think the operative words here are that the impact of federal action on regional growth and development is taken into account in all government decisions.

**Mr. Marchand (Langelier):** Yes.

**Mr. MacDonald (Egmont):** Now, if the impact is going to be measured, I presume somebody will be doing the measuring and making statements on what is occurring, and that this will happen within your Department. This is obviously a new departure. In fact, I was planning to ask you, and perhaps I could ask in the context of what I have already asked, what systems you are going to use to carry this out? This is obviously one of the weaknesses in the past in many of our programs, that there has not been any effective co-ordination between the various programs that have operated in different departments, with some of them even operating at cross-purposes.

**Mr. Marchand (Langelier):** Well, firstly, as I have said, all those programs were under the jurisdiction of different ministers and now the first step has been taken in that all those programs are under the jurisdiction of the same minister. Therefore, we can now have some kind of co-ordination, and correct many of the shortcomings of the former programs. We intend to amend some of the programs—probably all of them—and have new programs.

**Mr. MacDonald (Egmont):** No, that is not really it though, is it, because although you take it under your wing, a large number of specific programs that have been operating with regard to unemployment problems, creation of new industries and what-have-you, are still being carried on in almost every government department, whether it is in Agriculture, or Trade and Commerce, or in Industry. This to me is critical, because unless these various programs respond to an over-all pattern of regional development, then surely we will just be repeating what we have been doing for the last number of decades.

**Mr. Marchand (Langelier):** Would you comment on this?

**Mr. Kent:** Thank you Mr. Minister. This is an area in which we have been able to do some preliminary work because it is an internal thing within government and therefore, in the planning period now before we actually have the legislation, we have been able to do a lot of thinking, discussing with other departments the interdepartmental system by which we will try to handle this effectively, the sort of effective co-ordination that we can have with, to use your examples, Agriculture,

Transport, Public Works, et cetera, et cetera, and given that all the programs which are directed to regional and area problems are co-ordinated in one ministry, then the possibility of co-ordination with the national programs for Agriculture, Transport, et cetera, et cetera, becomes very much better than it was before. We have designed the sort of interdepartmental consultation structure. We are anxious not to say "control". It is not a question of control but of the regional and area considerations always being taken fully into account before the final decision is made. We are quite confident that we will have the sort of interdepartmental relationships, co-ordination, committees and everything, so that we will have a very good chance of achieving that.

**Mr. MacDonald (Egmont):** I am afraid your optimism is a little greater than mine. I would like to know what we are going to be doing that will be new. We have already had over the years a series of interdepartmental committees on a number of areas and I do not think that will be particularly new. It really gets down to an issue of who is going to bell the cat and I am pleased to hear the Minister say that the powers that the Department is going to be looking for will be very wide-ranging. That will certainly be critical. Now, will they be wide-ranging enough to be a watch-dog, shall I say—or more than that?

**Mr. Marchand (Langelier):** That is probably the main problem: if there is no co-operation on the part of the other departments or the government as such, I do not think we will be able to succeed. There it is the matter of attitude. We have this problem of airports, for example. If we have a depressed area which would be helped by an airport and the Department of Transport decides to build the airport somewhere else, without any serious reason, and we do not have an opportunity to discuss it, then of course what we are doing, is, to a certain extent, useless. I agree that this is probably the main problem but I do not think it can be solved by law. It becomes a problem of attitude of the Cabinet and the other ministers.

• 1030

**Mr. MacDonald (Egmont):** I think there are two answers: You are going to be involved in a program of education with all the other government departments in order to give them what I would call a new perspective but I think education alone without some complementary machinery to see that your good



work in education is put to good effect will mean that in essence you will not achieve this end. I think you are aware of the educational one—I am sure you are, but I am wondering whether or not you have reached the point where you have developed machinery that is going to effectively do this job?

**Mr. Marchand (Langelier):** This is what we are trying to do with the FRED programs now. As you know, these are comprehensive programs. We have to deal invariably with education, for example, and we have to have the co-operation of the provinces on this because if we do not have this co-operation we cannot have a plan. Plans involve schools, roads and a lot of things which are out of our jurisdiction. So it is not only a problem of having co-ordination among the different departments of the federal government but with the provinces too, and if we cannot obtain this co-operation of course we are paralyzed—there is no doubt in my mind about that.

**Mr. MacDonald (Egmont):** This raises another area which I wanted to pick up too. What about co-ordination with the provinces? You mentioned not only co-ordination with the provinces but in the Atlantic region you mentioned some form of interprovincial co-ordination. I assume your grant to the Atlantic Union study is a first step in that direction, but do you have some other things in the works with regard to a federal-provincial co-ordination—that is, more than what we have had, because at times this has not been a very successful area of endeavour.

**Mr. Marchand (Langelier):** I think that what we are doing with P.E.I. right now is the only way of doing it—to meet with the province, to discuss all the problems and to try to see how we can solve them within our respective jurisdictions.

**Mr. MacDonald (Egmont):** That may not be a very good example in view of the difficulties you are having at the moment with Prince Edward Island.

**Mr. Marchand (Langelier):** Oh well, you can be sure of one thing, that we will meet with difficulties everywhere, for different reasons.

**Mr. MacDonald (Egmont):** But because of experiences like the Prince Edward Island one, are you developing new ways of heading off such a situation? It seems to me that

what you want to do is head off the kind of situation that developed there with the province.

**Mr. Kent:** The key to avoiding difficulties of course is the closeness of the common consultation, discussion and co-operation that there is at the very earliest stage in developing plans. Up to now that has been difficult on both sides but I think especially difficult on the federal side because the concerns of government with regional development were dispersed among a number of different agencies. When they are brought together in one agency while there will be still, as you rightly point out, the problem of co-ordination with other federal departments, once you have a strong structure concerned with the region—a department of the nature of this one—then there is a possibility of solving those problems internally within the federal government and also of being in a position from which we can discuss these things with the provinces from the very earliest stage in the development of plans.

The effectiveness of this depends partly on the response on the provincial side. Are they in a position from a very early stage to take a developmental view co-ordinated within the provincial government? I think it is fair to say that almost all provincial governments are moving fairly rapidly to create that capability—not to set up a department just like this one but in one way or another to set up new Cabinet committees and, in some cases, new departments. We think by the time the legislation is passed that there will have been sufficient development in most provinces in the same sort of directions that we will have a fairly easy task in developing very good consultation arrangements from the very earliest stage. They have not existed in the past, they did not exist in the early stages of development of P.E.I. plans, but I think they are coming now and that they will exist from next year on.

● 1035

**The Chairman:** Mr. McDonald, are you finished?

**Mr. MacDonald (Egmont):** I am not but I will pass because I know there are others who have questions. If there is time at the end I will come back again.

**The Chairman:** Thank you very much. Mr. Lessard.

[Interpretation]

**Mr. Lessard (Lac Saint-Jean):** Mr. Chairman, sir, as you know the Saguenay-Lac-Saint-Jean area very well, I wonder if you have read a brief which is supposed to have been handed to you by the Regional Economic Council as mentioned in *Le Soleil* of November the 13th? Was this brief handed to you?

**Mr. Marchand (Langelier):** I do not remember having seen it.

**Mr. Lessard (Lac Saint-Jean):** The brief mentions that, in the Saguenay Lac Saint-Jean situation, the Regional Economic Council suggest short term and middle term solutions. Let us not mention long term solutions because by that time we may be dead. I am wondering if you can already see some solutions for the problems of a region such as Saguenay-Lac Saint-Jean which has 280,000 people grouped in a very definite area because it is bordered by natural boundaries. What do you believe can be done when there are more than 15,000 unemployed people in that area?

**Mr. Marchand (Langelier):** I cannot give you a very precise answer, but it is the purpose of the creation of this Department to solve those problems. You are asking me if the Department will succeed. All I can tell you is, wait and see: it is our intention to do this since it is the prime objective of the Department i.e. to try to stimulate economic development where the rate of development is too slow. I cannot give you any other answer. I do not know if you are satisfied.

**Mr. Lessard (Lac Saint-Jean):** We have only two basic industries in the region, aluminum and pulp and paper. These two industries export 80 p. 100 of their production. Will the new Department be able to assist them in order to find outlets in foreign markets? I have in mind the Desbiens Company.

If it could find a market for its pulp, it could probably continue to operate and eventually turn to mechanization.

**Mr. Marchand (Langelier):** Yes, but Mr. Lessard, you cannot ask a new Department to perform miracles. It is all good and well to say here is a company that has no more market, we can perhaps help this industry to find a market, but this can be extremely difficult in certain cases, especially in cases

like the pulp and paper industry which is highly organized and where the markets have been thoroughly explored. I do not know if we can do something in such a case. In certain cases, it might not be wise to do something because there are no prospects for the future. You know, pulp and paper is a strong industry which does not lack capital, and this also applies to the aluminum industry. Should the aluminium industry find a new market, it has the means to expand and increase its production without any difficulty. Thus, this is not a major problem for the aluminium industry or the pulp and paper industry in the Saguenay region. With regard to the Desbiens industry, it is an old mill which has not been modernized, and which has gradually lost its market. Can we help this company? Perhaps but a more thorough study is first required.

**Mr. Lessard (Lac Saint-Jean):** One last point concerning the direct control over the execution of any project your Department will be initiating. At the present time, we have a project in the Gaspé region where we realize that the federal government does not have too much control over the moneys that will be spent on it. Will the federal government, in future, have more control over the projects in which it takes part?

• 1040

**Mr. Marchand (Langelier):** Yes. Let us say that, as a principle, it is probably normal that those parts of program which come under provincial jurisdiction would be inspected by the province as to the execution; but the part of the program which comes under our own jurisdiction would be under our own control. We do not want to take the cake as a whole and then hand it to the provinces and say you will administer the program; perhaps a small part, as was the case along the Lower Saint-Lawrence but not more. We should exert control over everything that comes under our jurisdiction. But, I do not believe that provincial jurisdiction should be encroached upon through economic development programs. For instance, in the field of education which comes under provincial jurisdiction, I do not think that it is acceptable to have provincial jurisdiction removed through the programs.

**Mr. Lessard (Lac Saint-Jean):** Thank you.

[English]

**The Chairman:** Mr. Lundrigan.



**Mr. Lundrigan:** Mr. Chairman, first of all I would say that I was longing to hear the Minister speak at the APEC conference a couple of weeks ago and that I am glad I had the opportunity of hearing him say basically the same thing again today.

**Mr. Marchand (Langelier):** It is good that I have not changed my mind since.

**Mr. Lundrigan:** It is great that he had to change your mind, but seeing that I have heard you speak three or four times and now I have to listen to it again, I am getting to know it pretty well.

First of all, we have heard quite a bit of the regional disparity concept being given top priority in the present federal government. We have heard quite a bit about structure which is going to materialize and going to eventuate which will be the vehicle for bringing about the remedies and the chores, and so on, for much of the regional disparity across the Dominion of Canada.

I have had quite a number of occasions to talk to members of Parliament about the problems of regional disparity and it is top priority with me and, as my colleague from Egmont said, I think this along with our language problem is one of the greatest problems facing Canada today. This is going to be the Department that will perhaps have as much or a greater influence on the unity of Canada than any other aspect of the whole federal program.

Then I begin to wonder, when I look at the appropriations of funds for the Department under question whether this actually is a theory or whether it is going to result in any practise. I am certainly disappointed, to say the least, to realize that very little money out of the total federal budget is being channelled into the particular Department now and I am hoping that as the Department takes flight we will see a greater amount of the federal funds being channelled there. You have got to have funds. We have to have programs, plans and economic development and this has to be the main aim, but you have to have money to bring this about.

Is the Minister happy that the funds he has at his disposal can provide the necessary stimulus for groping towards and coming to grips with this regional problem?

**Mr. Marchand (Langelier):** As I said at the beginning of the paper I read, what we have

now as estimates is only the transfer of moneys which were related to the old programs. That is all that is in our estimates now...

**Mr. Lundrigan:** Yes.

**Mr. Marchand (Langelier):** ...but these are not the estimates of the new Department.

**Mr. Lundrigan:** I am aware of this, Mr. Minister, but from my inquiries I find that the 1979-70 estimates will have roughly \$50 million more than is in the present estimates or allocated for all of the present programs which is a pittance. Are there any grounds for the statement that there will be only about \$50 million more coming to the new Department?

**Mr. Marchand (Langelier):** Did you say \$150 million?

**Mr. Lundrigan:** No; \$50 million.

**Mr. Marchand (Langelier):** I have not seen that figure. Where did you pick that up?

**Mr. Lundrigan:** I prefer not to say at the moment; well, I suppose I could say. It was mentioned at one of our Committee meetings.

**Mr. Marchand (Langelier):** Perhaps it was mentioned, but that is not what we have in mind.

**Mr. Lundrigan:** I am glad to hear that. I agree that there is a great need for planning; there is a great need for a philosophy. You have to have goals, you have to have structure, and so on, which will eventually be able to come to grips with the problems so that it will have a long-term effect. I do not believe that taking dollars and throwing them in a particular direction will have the necessary effect of overcoming regional disparity.

There has to be a balance between Committee work, investigations, and so on, and action and I get a little worried sometimes that governments are still following the principle inherent in the Congress of Vienna of 1815 when, as you are quite aware, in order to evade the major issues of the time they were all put to committee. This is what happens sometimes in any bureaucracy or any government and I get a little worried about some of the problems that need immediate attention.



• 1045

We do not need a Marshall Plan, perhaps, but we do have problems that need immediate attention and I am sure that there are areas in northern Canada, northern British Columbia, Quebec, and we can mention the Atlantic provinces and Ontario, where some of the problems are of an immediate nature.

Waiting for a Department to get off the ground and to take the structure which it needs and has to have might result in some areas in Canada not being around by the time the Department finally gets formed. I am asking whether, while the Department is getting its new form, there is any provision whereby money can be channelled into areas that are in need of it in an emergency way.

**Mr. Marchand (Langelier):** We can always do that under ADA. We can make a decision overnight and help an industry if an industry needs to be helped, or we can start a new industry under the programs as they are now, but when we are talking in terms of planning for the future I do not think it should be a patchwork and that all we do is help one industry or one region with a small amount of money. We should have some broader aims and I think you agree with this.

**Mr. Lundrigan:** I agree.

**Mr. Marchand (Langelier):** We will still have the instruments to deal with the urgent problems but I hope we will deal not only with them.

**Mr. Lundrigan:** The reason I asked the question is because I have had occasion to contact a number of government agencies about problems that I am amazed have never been brought to government attention, perhaps for a number of reasons, and I always seem to get the impression that somebody is telling me to wait for a few years because it has to be investigated, that this is federal-provincial jurisdiction, that the provinces have to get together on it, and I am wondering whether some of these things are of a nature that just cannot wait for a year or a couple of years. I am hoping that the Minister will pass this on to those government agencies that can act overnight.

**Mr. Marchand (Langelier):** There is only one point I would like to make. As you know, there are many under-developed

regions in Canada, not only one. The point I would like to underline is that we cannot work efficiently in all the regions at the same time. It is impossible. We cannot afford it. Probably it would cost billions of dollars to do it, so we will have to make a choice. We will have to start with those that are in the worst shape and try to help them and ask the others to wait a little. We will have to do that.

**Mr. Lundrigan:** I have one last question, Mr. Chairman. Recently I had occasion to ask the Minister of Fisheries, and subsequently the Minister we have with us today, some question on the government centralization program. I am thinking of the Atlantic region. Right now under the Department of Fisheries money is made available similar to foreign aid, thrown to the government of Newfoundland in particular, and that government under the provincial department of fisheries can actually help people to relocate. I presented, indirectly, some views on this to the Minister in the House. I am waiting for a reply which I know I will get.

In the meantime, I wonder whether this is not the sort of thing that should really come under the department responsible for regional development. The Department of Fisheries is administering a program that has nothing to do with the Department of Fisheries. The only reason it was ever brought in under the Department is because some of the people who moved from small communities happened to be fishermen, by and large, and as a result the Department of Fisheries became sensitive to the problem.

This is something that is going to take on great significance in the Atlantic region, as an example, and in many parts of northern Canada and in parts of all provinces of Canada. I would say that it is going to become a problem on which the Department is going to have to start defining its goals and initiating its philosophy and policies.

Do you think this is the sort of thing that should come under the department responsible for regional development to date.

**Mr. Marchand (Langelier):** I will ask Mr. Kent to answer that, but under the FRED program this is actually what we are doing now. Even problems that normally should be dealt with by, say, the Department of Fisheries are dealt with through our joint committees with the provinces. We do it with Prince

Edward Island and we have been doing with the province of Quebec. I do not believe we can take away from all the other departments everything that concerns regional development. If we do I think we will get rid of all the other departments and have only one big department, because almost everything has some kind of relationship to regional development.

• 1050

However, I think we should have a way of co-ordinating all this. This is what we are trying to do and are doing under FRED. Would you like to add something to this, Mr. Kent?

**Mr. Kent:** I think perhaps it would be a fair answer to the question to say that if the new Department had existed at the time the fisheries centralization program began the new Department probably would have been responsible for it from the beginning.

**Mr. Lundrigan:** So you really think that perhaps ultimately it will be?

**Mr. Kent:** As it was in fact done, there was quite an effective—not just a talking shop—interdepartmental committee set up with the Department of Fisheries as the lead department, but with representatives from the Atlantic Development Board, the Area Development Agency, and from the ARDA-FRED administration.

I was looking at the composition of the committee just the other day. The new Department is represented on that committee by three sets of people. Before there were three involvements of relatively small departments or agencies, but no over-all responsibility for the regional development side. Now we will be able to restructure it so that we have one involvement from the point of view of the new Department, and frankly I think whether at this stage it is administered by us or by fisheries is not important. The Department of Manpower, of course, is also quite heavily involved, so there are really three departments. Which does the actual administration is really not in itself crucially important so long as there is a common plan and an effective administration to carry it out.

**The Chairman:** Mr. Lundrigan, we are down to our last 10 minutes and...

**Mr. Lundrigan:** Mr. Chairman, I will not pursue this problem. I will take issue with several of the statements my friend has made but it would take some time and I would only use up too much of the Committee's time and other members want to ask questions.

**The Chairman:** Thank you, very much. Mr. Comtois?

[Interpretation]

**Mr. Comtois:** Mr. Chairman, sir, I am particularly interested in the problem of the delimitation of regions. I have seen manpower centres, in some regions where there fairly striking anomalies, for example, in a provincial riding, which like several others, is but a part of one or several federal ridings. I have in mind a fairly poor riding in my own region. The richest parish of this riding, which is developing most due to tourism, was the only one to benefit from special subsidies because, precisely, it is part of the territory belonging to a manpower centre which is to be developed. And all the parishes to the south of that one are poor. Their population is decreasing and they could not benefit from the special assistance because they were part of another manpower centre.

And you spoke earlier of possible changes; will these changes be implemented following the suggestions I have just made?

**Mr. Marchand (Langelier):** No. As I said, we think that these criteria are too rigid and that they give rise to anomalies such as those you mentioned. Let us take a city that is depressed from an economic point of view and which is situated in an area which, generally, speaking, is fairly prosperous; this city will never be able to obtain subsidies. But the opposite can exist also. You can have a prosperous city in a poor area and theoretically, this city is entitled to subsidies. This is an abnormal situation. And this is why we want to change it and bring about more flexibility.

**Mr. Comtois:** You mentioned federal provincial cooperation. The Quebec government has delimited certain economic areas and sub-areas. Will you take these areas into account in the new project?

**Mr. Marchand (Langelier):** Yes, we will certainly take this into account when negotiating with the provinces to draw up joint plans. But, as far as federal programs are concerned, which can be applied without the



cooperation of the provinces, we shall stick to our own definitions.

• 1055

**Mr. Comtois:** Thank you. That is all for now.

**The Chairman:** Mr. LeBlanc.

**Mr. LeBlanc (Rimouski):** Mr. Chairman, from a practical point of view, we use the terms territory or region indifferently although there is a difference between them. In any case, I believe that some of the main regions where overall development of the territories are planned, are the following: Inter Lake in Manitoba, the Lower St. Lawrence and the Gaspé area.

In the Lower St. Lawrence and Gaspé, we have now a federal coordinator. And in the other regions I have just mentioned, will we have the same system with a federal coordinator?

[English]

**Mr. Marchand (Langelier):** I think there is.

[Interpretation]

**Mr. LeBlanc (Rimouski):** In my area we have the CRD which is supposed to be the government's privileged spokesman linking the population and the various governments. Is there a similar system in these other regions?

**Mr. Marchand (Langelier):** No. This is a fairly unique body, and I do not believe that any other regions have anything comparable to it.

**Mr. LeBlanc (Rimouski):** In the BAEQ draft plan a preliminary study on a transportation system was submitted. But, for some reasons which nobody knows exactly, transportation is not mentioned in the plan itself.

It was mentioned in the papers that the federal government, through ARDA or the FRED Agreement, would have a comprehensive study made on transportation covering the entire pilot region of the Lower St. Lawrence and the Gaspé area. Could you tell us if this...

**Mr. Marchand (Langelier):** The study is perhaps being undertaken right now, within the framework of the FRED Agreement.

**Mr. LeBlanc (Rimouski):** It has already been started?

**Mr. Marchand (Langelier):** Provision may have been made for it in the agreement signed the other day in Rimouski...

**Mr. LeBlanc (Rimouski):** ...last spring in Mont-Joli?

**Mr. Marchand (Langelier):** In Mont-Joli. Provision has been made to undertake a study on the transportation means of this region and provision has also been made for a certain sum of money.

**Mr. LeBlanc (Rimouski):** At the present time, we have only one federal government representative in this pilot territory. He is very competent, but he has no help, only a stenographer. Since the federal government is going to spend about \$212,000,000 over the next five years towards the realization of this program, don't you think it might be important for him to have 4 or 5 additional representatives. These representatives could be stationed in different important localities in the region in order to be informed, on the spot, not only about how the money is spent, but also about public opinion. This second goal, the recognition of the human factor is as important in the realisation of these programs as the question of money.

**Mr. Marchand (Langelier):** First of all, there is not only one federal representative in that region. As you may know, in the Lower St. Lawrence area, the plan stresses manpower development, manpower training and 70 per cent of our personnel works in manpower centres. So, there is more than one representative. Quite a few more. As you may know, we also intend to open an office in Rimouski and another in Quebec City. This ought to provide sufficient staff for the purpose of looking after the interests of the federal government.

• 1100

**Mr. LeBlanc:** Thank you very much.

[English]

**The Chairman:** Mr. Minister and gentlemen, you hear the bell.

[Interpretation]

**Mr. Roy (Laval):** Mr. Chairman, before adjourning, I would like to make a few suggestions. Before each meeting, we should prepare an agenda of the topics to be discussed. I hope that the Minister will be here at the next meeting, because I did not have the opportunity to explain my point of view.



**Mr. Marchand (Langelier):** You will no doubt be able to do it because the Deputy Minister will come back to your meetings and he will certainly. . .

[*English*]

**The Chairman:** Mr. Roy, there is also the problem of time as I mentioned yesterday. I

will discuss it with Mr. MacDonald again and we will come to an allotment of time and if it is possible we will have the agenda for the deputy.

Thank you, gentlemen; thank you, Mr. Minister.

---

OFFICIAL REPORT OF MINUTES  
OF  
PROCEEDINGS AND EVIDENCE

This edition contains the English deliberations and/or a translation into English of the French.

Copies and complete sets are available to the public by subscription to the Queen's Printer. Cost varies according to Committees.

Translated by the General Bureau for Translation, Secretary of State.

ALISTAIR FRASER,  
*The Clerk of the House.*

HOUSE OF COMMONS

First Session—Twenty-eighth Parliament  
1968

Government  
Publications

STANDING COMMITTEE  
ON

# REGIONAL DEVELOPMENT

*Chairman:* Mr. JOHN MORISON

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

TUESDAY, NOVEMBER 26, 1968

Revised Main Estimates (1968-69) of the Cape Breton  
Development Corporation.

WITNESSES:

*From the Cape Breton Development Corporation:* Mr. D. H. Fullerton,  
Chairman; Mr. K. M. Pack, Assistant to the President.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1968



STANDING COMMITTEE  
ON  
REGIONAL DEVELOPMENT

Chairman: Mr. John Morison  
and Messrs.

Breau,  
Broadbent,  
Cyr,  
Gauthier,  
Gibson,  
Honey,  
Korchinski,

LeBlanc (*Rimouski*),  
Lessard (*Lac-Saint-  
Jean*),  
Lundrigan,  
MacDonald (*Egmont*),  
Mazankowski,  
McGrath,

Nystrom,  
Roy (*Laval*),  
Smerchanski,  
Stewart (*Marquette*),  
Whiting,  
Yanakis—20.

R. V. Virr,  
Clerk of the Committee.

## ORDERS OF REFERENCE

MONDAY, November 25, 1968.

*Ordered*,—That the name of Mr. Beaudoin be substituted for that of Mr. Gauthier on the Standing Committee on Regional Development.

*Ordered*,—That the Standing Committee on Regional Development be granted permission to sit while the House is sitting.

*Ordered*,—That the name of Mr. Gauthier be substituted for that of Mr. Beaudoin on the Standing Committee on Regional Development.

TUESDAY, November 26, 1968.

*Ordered*,—That the name of Mr. Cyr be substituted for that of Mr. Lefebvre on the Standing Committee on Regional Development.

ATTEST:

ALISTAIR FRASER,  
*The Clerk of the House of Commons.*





## MINUTES OF PROCEEDINGS

TUESDAY, November 26, 1968.

(4)

The Standing Committee on Regional Development met this day at 9.45 a.m., the Chairman, Mr. Morison, presiding.

*Members present:* Messrs. Breau, Broadbent, Honey, Korchinski, Lefebvre, Lundrigan, MacDonald (*Egmont*), Mazankowski, Morison, Nystrom, Roy (*Laval*), Stewart (*Marquette*), Whiting—(13).

*Also present:* Messrs. MacInnis (*Cape Breton-East Richmond*), Muir (*Cape Breton-The Sydneys*), MacEwan, Forrestall, Peters, Serré, M.P.'s.

*In attendance: From the Cape Breton Development Corporation:* Mr. D. H. Fullerton, Chairman, Mr. K. M. Pack, Assistant to the President.

The Chairman introduced Mr. Fullerton who made a general statement regarding the operations and functions of the Cape Breton Development Corporation.

He was followed by Mr. Pack who reviewed briefly the estimates of the Corporation.

The witnesses were examined.

There being no further questions the meeting adjourned at 11.05 a.m. to the call of the Chair.

R. V. Virr,  
*Clerk of the Committee.*



## EVIDENCE

*(Recorded by Electronic Apparatus)*

**Tuesday, November 26, 1968.**

● 0946

**The Chairman:** Gentlemen, shall we come to order.

This morning we have with us Mr. Fullerton, who is Chairman of the Cape Breton Development Corporation, and Mr. Pack, the Assistant to the President. We will start with a short synopsis from Mr. Fullerton, followed then by Mr. Pack. After that we might have a general discussion on the estimates.

On Thursday we will have Mr. Ord and some of the executive from Sydney, and if there are any specific questions any of you have, they can come up at that time. I will now turn the meeting over to Mr. Fullerton.

**Mr. D. H. Fullerton (Chairman, Cape Breton Development Corporation):** Thank you, Mr. Chairman. In starting off, I will summarize very briefly the background of Devco. First of all, I will explain that "Devco" means the Cape Breton Development Corporation. Someone in Sydney called it that, and since then it has been known by that name. No one on the staff of Devco picked the name.

My proposal today is to cover the topic as briefly as I can, and then answer questions on general policy. We propose to bring up Mr. Ord, our President, on Thursday, and also our two Vice-presidents, Mr. Blackmore, our coal vice-president and Mr. Doucet, our development vice-president.

My job is Chairman of the Board. There are seven members of the Board, including the President, so it is a small Board. We meet on an average of once a month. The main office of the Corporation is in Sydney.

The immediate background of Devco comes from the Donald Report on coal that was heard in May 1966. The Donald study of the Cape Breton coal problem is the third since the war. There was the Carroll Commission after the war, followed by a second study in

1960, and this is the third fairly exhaustive study of the problem.

The problem is a simple one, and at the same time complex. Coal in Cape Breton is found in a seam out under the sea. The miners have gone out farther and farther to get the coal. This has meant fairly long and convoluted passageways to get the coal out; ventilation is a problem; and the result is, and it is a predictable result, that costs have kept on climbing steadily.

The present cost of coal is running close to \$17 a ton. Our selling price is approximately \$7 a ton. Loss is \$10 a ton. These losses have been climbing steadily over the last decade, and it was the size and scale of these losses that in fact, lead the government to the Devco concept.

The Devco concept was simply that the coal mines should be phased out over a period of time, that the money which had been spent on subsidies and is now, in effect, spent on losses should be employed instead to bring in new industries. It was our job to replace those in the coal mines.

The amount of the subsidy or loss is an important statistic because it does set the dimensions of the problem. The average loss per person employed by Devco is now running about \$4,000 per annum. That is the direct loss. There are some other losses through the different Acts of Parliament, Maritimes Freight Rates Act and the Atlantic Provinces Power Development Act. If you are thinking of an over-all figure, it averages out about \$5,000 per employee.

The total strength of the Devco mines is now 5,925 people. At the time the mines were taken over from DOSCO on March 30 last, the total strength was about 6,300. There has been a gradual decline of about 50 a month.

There are four coal mines located in three main areas. There is the Princess mine at Sydney Mines, north of the harbour; No. 12 is in New Waterford, south of the harbour; and No. 20 and 26 are in Glace Bay, southeast of Sydney.



The first job that faced Devco was to prepare an over-all plan and present it to the government by October 1, last. That was done. That plan I understand has been circulated, Mr. Chairman, and is the basis of our discussion today. The central point, I think, that comes from the plan is that there is really no way of fixing up the present mines and turning them into basically economic operations. It was on this account that the Board of Devco decided to go against the recommendation in the Donald Report that there be no Lingan mine open. In our view the sole possibility of establishing a viable mine in Cape Breton Island was to open the Lingan mine. I could go on, but I think it is time to stop and answer any questions you have.

**The Chairman:** There do not appear to be any at the present time. Would you like to say something, Mr. Pack?

**Mr. K. M. Pack (Assistant to the President, Cape Breton Development Corporation):** Thank you, Mr. Chairman. I will give you a brief outline of our financial picture which as a Crown corporation we do not spell out in too much detail. However, if you will refer to page 425 of the Revised Estimates, you will see that under the Department of Regional Development there is a section provided for our Corporation. Very briefly I will comment on the figures as they are shown and as we expect them to be.

The first item you will notice concerns statutory payments. This item represents the amounts of money we obtained as a result of operating in capital budgets approved by the Governor in Council. A year ago when we started the Corporation we anticipated that our operating and capital expenditures would be \$10,500,000. We are almost at the completion of our fiscal year, not the government's fiscal year, and it would appear now that we will be spending \$13,440,000 for our operating and capital budgets.

The next item is our major item in terms of money, and here you see an estimated loss of \$20 million. Again, about a year ago when we had to complete these figures, we anticipated that we would acquire the mines on April 1. Based on the figure of an annual loss of \$27 million, we calculated this figure as nine-twelfths of that, which came out very close to \$20 million. It appears today that our loss for that nine-month period, that is, April 1 to December 31, will not exceed \$18 million.

The third is a one-shot item, which provides payment from the government to the Corporation for the operation of what we call the McBean mine. That is a figure of \$930,000, which is non-recurring. It has all been paid to the Corporation, and a fair portion of that money has been invested. So that the total you see in the Blue Book is an estimated figure for our fiscal year of \$31,430,000, and our best guess today is that it will turn out to be \$32,370,000. We were out a bit, but not too much.

There are no details backing this up, as you are aware. We are a proprietary Crown corporation, and therefore the same type of information is not submitted in support of our over-all estimates as you will find in the case of government departments or certain other types of Crown corporation. I think that is all I have to say at this point, Mr. Chairman.

**Mr. MacDonald (Egmont):** I would like to go back to something that Mr. Fullerton was saying about the reduction of employment by 50 persons a month on an average. What responsibility is your Corporation taking now for these 50 people per month who are becoming unemployed?

**Mr. Fullerton:** First of all, about my assertion about 50 people becoming unemployed, these are 50 people who vanish from our payroll. They are not pushed or shoved or anything else. They are people who leave for a variety of personal reasons. The strongest reason, I suspect, is that it is a tough job being a coal miner. They go to Toronto or Halifax or take service jobs around Sydney, but there is no presumption at all that they go from the coal mines to the unemployment list.

**Mr. MacDonald (Egmont):** What you are saying is that in the majority of cases they are not going to employment in Cape Breton?

**Mr. Fullerton:** No, I did not say that at all. I said that we do not know. Wherever they go, they go.

**Mr. MacDonald (Egmont):** Do you consider you have a mandate to carry out some kind of survey on what is happening to these people? Is this part of your responsibility?

**Mr. Fullerton:** This is something I have been trying to start. The problem is we took over the mines on April 1, which is seven months ago, and it has been a tough enough

job to get on top of the administrative problems without starting special studies of that kind. I am certainly interested in finding out where these people go.

**Mr. MacDonald (Egmont):** Could you give us more details of the organization of your staff and how they are located relative to (1), the operation of the four mines as they are going on; and (2), what staff are now working on industrial development.

**Mr. Fullerton:** The Corporation is split into two parts, coal and development. On the coal side it is really the old Dosco coal set-up, which is now part of the Devco operation. That involves a small office at each of the four mines and the same staff in the main office in Sydney.

Devco has simply brought in Mr. Blackmore as vice-president of coal, plus a couple of other people to back stop. The operations on coal are practically unchanged in their structure.

The development side involves the setting up of a completely new operation. Mr. Doucet, on the development side has a staff of about 10. He has six permanent, plus a group of consultants, whose job it is really to find industry for us, plus some special people on a part-time basis. They operate out of Sydney.

**Mr. MacDonald (Egmont):** In Nova Scotia there has been a good deal of discussion of, and a good deal of work done on, setting up an over-all plan of development. I think of the Nova Scotia Volunteer Economic Planning Board, which has done considerable work, and the plans being devised by ADB and others.

Has any attempt been made to co-ordinate the planning and the work that is going on in the industrial development part of Devco?

**Mr. Fullerton:** Again, the problem up to now has been essentially starting this thing off. There has been little time to meet different groups.

We have established liaison with the voluntary planning board, with the Industrial Development Bank in Halifax, with Industrial Estates and, naturally, through our Department, with ADB. But this has only just started. No major co-ordination has been accomplished as yet.

**Mr. MacDonald (Egmont):** But these agencies are not going to work apart from each other. In other words, they are not going to

work in a kind of vacuum, or do things that may even be at cross purposes, are they?

**Mr. Fullerton:** There is a danger of it, and our job is to try to minimize that. Of course, some competition is always possible here, and perhaps it is desirable in some respects.

**Mr. MacDonald (Egmont):** But how are undesirable competitions and conflicts to be resolved? This is a problem that has always concerned me, particularly when you have a relatively independent agency such as Dosco and some of these other groups which are also fairly independent? They are Crown corporations of one kind or another.

**Mr. Fullerton:** The only answer is in continued discussion and contact and sandpapering down the abrasives between us.

**Mr. Lundrigan:** If I may ask a supplementary to one of your questions...

**Mr. MacDonald (Egmont):** Let me ask just one question and then you can take over. Has the success that Sysco has been having since being taken over by the Nova Scotia Government in any way encouraged or assisted your efforts either in the operation of the coal mines or in the work being done on alternates in industrial development?

**Mr. Fullerton:** Certainly many of us have felt that, had the steel company failed, the task of Devco would have been very difficult. The success of the steel mill is naturally a tonic for us all, at least in that respect.

**Mr. MacDonald (Egmont):** But that is not a direct benefit that...

**Mr. Fullerton:** There are slight benefits. The fact that the steel plant is there does make it a more attractive place for industry to settle—skin-off jobs in the steel mill being a case in point.

I know the Devco Board uses the continuation of the steel mill as a key to our success.

**Mr. MacDonald (Egmont):** From the time the Board went into operation has there been a change in attitude, or in policy, on the relationship between new industry, or the continuation of coal mines, and Sysco? Is there a very close liaison in the work being carried on so that possible benefits that Sysco might bring to your operation are fully explored?

**Mr. Fullerton:** Sysco, after all, is a provincial corporation. We do operate at arm's



length, although there is co-operation between us. In terms of exploiting industrial prospects—and Mr. Cameron, the president of Sysco, is a permanent member of our Board—they certainly have established strong liaison.

**The Chairman:** Have you completed your questioning, Mr. MacDonald?

**Mr. MacDonald (Egmont):** Yes; thank you.

**The Chairman:** Mr. Broadbent?

**Mr. Broadbent:** Another member indicated that he had a supplementary.

**Mr. Lundrigan:** Yes, Mr. Chairman. I perhaps should not be asking too many questions on the topic because a number of those around the table have quite a deep knowledge of the problem.

First of all, it surprised me a little that we do not know what is happening to the 50 people. Granted the Corporation has been in existence for less than a year, but it surprised me that no follow-up study has been done. It would be relatively easy to set up machinery to keep track of these people.

Perhaps my question is ridiculous in view of the statement the Chairman has made, but what, if any, assistance is given these people to relocate? Although it has only been suggested, obviously many of these people from Cape Breton have to relocate in other parts of Canada. Do they receive any assistance, or counselling or the professional help that one would expect is necessary when leaving an area such as Cape Breton, or any other part of Canada?

**Mr. Fullerton:** There are two points. First of all, there is the problem of time in establishing follow-up machinery. Mr. Blackmore is working 15 hours a day now. To put a further administrative load on him at the moment would be too much of a chore.

The second point is that these people go, and they go freely. They do not come to us to seek help. They are there one day and are gone the next. Nobody is asking our help.

**Mr. Lundrigan:** Sir, I am not going to pursue the question because it is one to which there is perhaps no answer, but it seems to me that 50 people are disappearing rather mysteriously. I am being a little facetious, perhaps, but I consider it to be a little more serious than an added administrative chore,

even if you have to employ two Mr. Blackmores. I consider the sociological aspects of it important enough that it be considered in that light.

Some effort should be made to find out where they go, even although they are doing it, as is suggested, voluntarily, in the sense that they are perhaps being forced out by economic circumstances in many cases.

It is not so much because of the difficulty of mining as it is economic circumstances. I do not think they are running away from work as much as they are being forced to relocate for to sake of their families and their future.

In view of the fact that the Corporation is spending some \$30 million plus, I am surprised that no effort has been made to employ extra personnel to advise these people where to relocate. Obviously advice and assistance are needed.

From my knowledge of other people relocating in Canada, they do need quite a bit of assistance. In many cases, fathers and grandfathers are uprooting themselves from an area where they have spent all their lives and are moving to another part of Canada.

**Mr. Fullerton:** Quite a proportion of people leave the Civil Service annually. This is typical of our time. People change jobs.

The first thing that struck me about this steady 50 a month was: who are these people? Where do they go, and why do they go? But they are gone, and following them up is a complicated operation.

This is no Bell Island situation. These people go quite voluntarily and freely. There is no economic pressure on them to go, or anything else. These are people who just decide they are tired of coal mining and get out of it.

**The Chairman:** Mr. Broadbent?

**Mr. Broadbent:** Why is it thought that Devco will be successful? What specific policy does it have in mind that would differentiate it from the Industrial Estates Limited organization of the province? After all, the latter has been in existence for 10 years now, and was providing 100 per cent financing in land and in building for businesses coming into the area. To put it bluntly, why should you be successful where they failed.

**Mr. Fullerton:** Devco has Industrial Estates backing, too, you must remember. They supply assistance to all of Nova Scotia and have



the power there to superimpose their own type of support on Industrial estates support and the other types of federal and provincial assistance that are available.

**Mr. Broadbent:** With all respect, as my parliamentary leader is prone to say, I do not think you have answered the question. You have just said that if you add one organization to the other it somehow may equal success, but specifically in terms of greater financial resources, perhaps, you are adding on to a program that has been in existence for 10 years?

**Mr. Fullerton:** We are adding money, for example. The Industrial Estates Limited money is available to us as well, the same as it is in Dartmouth or Halifax. As I have said, the approach has been to exploit present funds and then throw in something extra. That "something extra" may be a starting-up grant, the purchase of some equity, or a total allowance, but it is supplementing Industrial Estates Limited. It supplements the ADA grants. It supplements the loans from the industrial loan board.

**Mr. Broadbent:** Then are you suggesting that in one sense perhaps the reason for the failure of Industrial Estates Limited in the past has been the lack of money. If it had more money—which you in effect would provide—would this give you some rational grounds for expecting success?

**Mr. Fullerton:** I think I will refrain from making any comment on the "failure" or success of Industrial Estates Limited. I do not think it is up to me to comment on that.

**Mr. Broadbent:** Let us just say that by providing more money you think success might be greater than it has been in the past.

**Mr. Fullerton:** Ordinarily if you throw in extra cash you get extra benefits. That is an assumption I make. Naturally, management is also a factor. I am not prepared to comment on that.

**Mr. Broadbent:** I am certainly not overwhelmingly confident that the simple spending of money is a sure guideline to economic development. It depends pretty much on how the money is spent. We can look at the past history of this province. If you spend money in one way you may get nowhere and only end up by subsidizing something. I really do not think that by itself is adequate.

Perhaps I could go on to something more specific. I wonder what you think of the suggestion—and it seems sensible to me—that in addition to spending money in order to lure industry into the area, we probably also need a kind of FRED program in the area so that we can really get at the socioeconomic substructure of the industry we are providing, such as schooling, housing, and so on, in the whole region. What do you think of this? Do you think that something such as the FRED program should be involved in this?

**Mr. Fullerton:** The FRED concept is fine; it is a total economic program in a backward area. However, I think the planning aspect of it takes so long that there is immediate pressure on us to find jobs and to find them as fast as we can. Even if you do go into a FRED program that will simply take the people off the farms and switch them into the city areas. Jobs are required around Sydney, and that has been taken as a first priority here. I am not opposed to the FRED program. It is only that it takes time and time is something we do not have.

**Mr. Broadbent:** I recognize, and sympathize, that your priorities are in order to create jobs, but I also take it from your answer that you agree, because we are concerned with regional development here—not just on an immediate basis but in the long run—that FRED should probably become involved in order to deal meaningfully with one particular aspect of the problem which in fact you are also dealing with.

**Mr. Fullerton:** Fine.

**The Chairman:** Mr. MacEwan, do you have a question?

**Mr. MacEwan:** Mr. Chairman, I wanted to ask Mr. Pack about this \$930,000 to the McBean Mine. Could you explain that a little more fully, please?

**Mr. Pack:** Mr. MacEwan, some months ago the question of the operation of the McBean Mine was raised with the government, and as an outcome of the studies that went on an agreement was made whereby our corporation would provide the management to operate the mine for a group that I think you are familiar with, Picord. The government made available to us an amount of \$930,000, which has been paid to us and which is now under the control of Picord. In fact, we took a fair

portion of that money and invested it with the hope that this extra revenue would stretch out the period of operation of the McBean mine. Does that answer your question?

**Mr. MacEwan:** Yes. I will ask further questions, perhaps, of Mr. Blackmore on the operation of the mine. I just have one further question, Mr. Chairman, of Mr. Fullerton.

Mr. Broadbent was speaking about schools in the Cape Breton area, and so on. Is it not true that a number of new schools have opened in that area just recently?

**Mr. Fullerton:** Do you mean in the Sydney area? Certainly the most important task is to get the people educated and trained. A big new technical school has opened between Sydney and Glace Bay, and this is probably the best single advertisement that we can show to prospective industrialists. We take these people through the school and they are honestly impressed by it. The principal can establish a job-training program of any kind they want, such as special gas welding, and so on, and most of the people we bring in are quite startled to find this type of a modern, impressive technical school there and it seems to me this is actually the type of thing that should be the foundation for all development programs.

**Mr. MacEwan:** I believe this institute opened just within the last couple of weeks.

**Mr. Fullerton:** Yes. It is to be in operation. It was formally opened.

**Mr. MacEwan:** Does this corporation know of plans for a large school complex in the area of North Sydney and Sydney Mines?

**Mr. Fullerton:** I understand there are some plans in mind. I have been awfully keen on education in the province and I have talked about this fairly often. As I understand it this is crucial; it is central to solving the problem of Cape Breton.

**Mr. MacEwan:** I just have a final question, Mr. Chairman, and I am afraid I have over-stretched my leave. I believe you stated that the corporation works along with Industrial Estates Limited, which is a provincial Crown company.

**Mr. Fullerton:** That is right.

**Mr. MacEwan:** Which, for the record, I believe has brought more than 60 new indus-

tries into the Province of Nova Scotia. That is all, thank you.

**The Chairman:** Mr. Roy.

[Interpretation]

**Mr. Roy (Laval):** Mr. Chairman, we are in favour of regional development of all regions of the country. When you set up these programs, is efficiency, for instance, considered as important, relatively speaking, as in private industry?

**Mr. Fullerton:** I do not quite understand these terms in this context.

**Mr. Roy (Laval):** Within the context of operating any kind of a factory, there are standards...

[English]

**Mr. Fullerton:** Productivity per man.

**Mr. Roy (Laval):** Is it the same? Did you have regard to this?

**Mr. Fullerton:** Let me start out...

... The problem of the coal mines is that there is zero productivity, so that if you take people out of coal and put them into any other job at all, it is all gain. Is that the sort of thing you mean?

[Interpretation]

**Mr. Roy (Laval):** Agreed. But you must certainly have standards of efficiency. How many employees do you have to carry out this work? Can these standards be compared to those in other organizations in the private sector?

[English]

I will rephrase my question. What are the manpower productivity standards on this?

**Mr. Fullerton:** No absolute standards are set. The job of the Cape Breton Development Corporation is to attract new private industries, the assumption being that they are the people who can establish if their productivity is good enough to make them survive or not.

[Interpretation]

**Mr. Roy (Laval):** That may be the reason why the Crown is still called upon to intervene.

[English]

**Mr. Roy (Laval):** If we do not have the efficiency this may be the reason we will not



be able to gain the confidence of world business.

**Mr. Fullerton:** Certainly the fact is that in mining coal the productivity is zero, so that if you take people out of coal it is all gain.

**Mr. Roy (Laval):** Did you do any research with respect to the development of new marketing in coal?

**Mr. Fullerton:** That is being studied. We have taken over the coke ovens in Cape Breton. The production of coke pays us a substantially higher return than the sale of coal for the production of power, for instance. There is a difference of up to \$5 a ton. So, that market is being expanded. We are also cutting out the biggest losses in sales to Ontario, for example. Certainly a strong attempt is being made by our coal division to expand that side of our study.

**Mr. Roy (Laval):** Did you eventually realize this year that this would really be an investment of money?

**Mr. Fullerton:** Do you mean the spending of the money on coal or on the industrial development of the area as a whole? As I was saying, we only effectively started operations seven months ago and we cannot tell now if it is a success or not, or even if it is a partial success.

**Mr. Roy (Laval):** Well did you budget for the future—so much here and so much there?

**Mr. Fullerton:** We made budgets but we have not been able to back them too well up until now. All we are doing is counting on industry coming in and on spending so much money to help them come in.

[Interpretation]

**Mr. Roy (Laval):** Do you have any specific figures?

[English]

**Mr. Pack:** I am sorry, I have to speak in English.

**Mr. Roy (Laval):** That is all right.

**Mr. Pack:** If I understand the question, in the next six-year period we will spend \$112 million on coal losses and \$25 million on new equipment, for a total of \$137 million. If we were to continue the operation as it was before we took over, the minimum figure would be \$162 million—that is six years at

\$27 million per year. I hope I am answering your question. So it is really a comparison between our expected expenditures of \$137 million compared to something more than \$162 million.

**Mr. Roy (Laval):** Thank you, Mr. Chairman.

**The Chairman:** Mr. Breau?

**Mr. Breau:** You mentioned 50 people leaving every month or so and that they did not leave because of economic pressures. What about the wage situation? Since the taking over of the coal operation by Devco have salaries been relatively the same or have they increased, as they must have? Is the standard just about the same as it would be if Dosco were a profitable operation?

**Mr. Fullerton:** The level of pay in a coal mine is substantially below that in the United States, but in terms of productivity there is a terrific gap. The average man in the States produces 25 tons per man shift, the average miner in Devco produces two and a half tons per man shift, so you have a differential of 10 to one here in productivity.

**Mr. Breau:** Then it is not because of a lowering of wages that these people are leaving, it is because they want to go to something else.

**Mr. Fullerton:** Exactly.

**Mr. Breau:** And they have access to good federal retraining programs and like things. They are eligible for many programs.

**Mr. Fullerton:** Exactly.

**Mr. Breau:** Those 6,000 people in the whole area must be sensitive of the role of Devco. Is there any possibility, through new technological advances and new markets, of revamping the coal industry? What is the reaction of the people of the area and the municipal governments to Devco coming in and trying to solve the problem? As a member just mentioned, Industrial Estates tried it. Of course their financial resources were limited and there were other problems. However, it was a big endeavour on their part. Have the financiers and businessmen taken the psychological climate of the area into consideration?

**Mr. Fullerton:** My impression is that they have certainly concluded that coal must be phased out. They will tend to fight against it for tactical reasons, but my own impression



and the impression of the Corporation is that the people accepted the Donald Report and the principles implied in it, and all they said was "Show us alternative jobs and we will get out of the coal industry."

**Mr. Breau:** Then the people of the area more or less agree with the philosophy of Devco and the Federal Government concerning this.

**Mr. Fullerton:** The press supports us, the people I have talked to support us. Some attack us for their own reasons naturally, but the general climate is good I think.

**The Chairman:** Are you finished, Mr. Breau?

**Mr. Breau:** Yes.

**Mr. MacEwan:** On a point of order, Mr. Chairman, I hope Mr. Breau was not quoting me in reference to Industrial Estates. They had been fairly successful in the area. They have brought quite a few industries in. They assisted in bringing in the Japanese car plant, General Instruments Limited and so on. That is just to clear the record, Mr. Chairman.

**Mr. Breau:** I was not quoting nor referring to you, Mr. MacEwan.

**Mr. MacEwan:** That is all right.

**The Chairman:** Mr. Lundrigan.

**Mr. Lundrigan:** First of all the Chairman has indicated that quite a bit of money will be spent. I think he indicated that it is a little too early to say what the effect might be—the long-term planning, and so on. To ensure that some success will derive from the investment of time, energy and dollars and that the economy will become viable, does Devco have attached to it experts—economists and other personnel who can do the kind of studies that are necessary? Is Devco the kind of corporation that can give the kind of direction and guidance necessary.

**Mr. Fullerton:** Let us start out by saying that on our development side we have been functioning effectively only seven months. We have started to build up staff. We are taking on consultants on a part time basis—some on a fee basis, and our goal is certainly to do the best possible job we can. I am not expecting to build up a big staff of economists—I hope not.

**Mr. Lundrigan:** But you do have with you or plan to have with you people who can give

you the necessary direction and guidance, economic and otherwise?

**Mr. Fullerton:** We have to advance our targets, certainly.

**Mr. Lundrigan:** My next question is directed to Mr. Pack. There is an indication that if the coal mines were to continue there would be well in excess of \$100 millions lost over a period, I believe you indicated, of six years. We have estimates which indicate that the government is actually prepared to invest \$30 millions right now in order to attract secondary industry and to develop the economy. Do the people of Cape Breton Island have any guarantee that this will be a continuing investment? Right now, for example, if the mines were to continue there would be, say, a loss of well over \$100 millions in six years but nevertheless, bearing in mind the fact that it is a loss, the economy would remain viable. If you put \$200 million in it would be more viable. But looking at it in terms of a loss, is there any guarantee that these dollars which you are saving in one way by eliminating the loss can be directed into the economy—or is this sort of a one-shot affair and a flash-in-the-pan kind of a development?

**Mr. Pack:** I just gave, in answer to the previous question, one side of the picture and to make it complete I would say in this six year period we expect to spend something close to \$137 million on the coal side. In addition to that we expect to spend a further \$60 million on the industrial development side, and I suppose the only answer I can give to your question is that as long as the Government of Canada and the Government of Nova Scotia support us, these are the estimated figures we would spend in that six-year period.

**Mr. Fullerton:** I could perhaps supplement that by saying that because the deal undertaken by the government to employ the funds saved from the losses on coal on development the amount of spending has not changed—you spend less on coal, you spend more on development.

**Mr. Lundrigan:** It is a government undertaking that this will be a continuing thing—in other words, that the dollars going into the area will not diminish in any way.

**Mr. Fullerton:** That is right.

**Mr. Lundrigan:** You speak of attracting secondary industry. What types of secondary

industry do you have in mind and what type of power and resources are to be employed? I believe this question was raised earlier. Is the area blessed with this kind of power—coal and various other types of power, which could attract secondary industry?

**Mr. Fullerton:** It would help. First of all, the goal is not simply secondary industry; it is a primary industry, it is secondary industry, and service industries such as tourism. I think the goal is to exploit the natural advantages of Cape Breton. It has extremely beautiful scenery, it has a first-class port, it is the closest port to the United States and overseas, it has a skilled work force—it has many advantages. An example, I suspect, is the success of General Instruments which was brought in by Industrial Estates. They started with the mass assembly of electronic components. They began operations with 300 people and they are now planning on a staff there of over 1,000 people. With that type of industry transportation costs to Upper Canada tend to be fairly small. They in fact exploit the Island's natural advantages.

**Mr. Lundrigan:** According to the experts, when one talks about development "transportation" and "power" are the two words which are most frequently used. This is why I asked about the power to be used in developing any resource, whether it be a natural resource or a secondary industry. The same thing applies in respect of transportation. Are there any great plans for the improvement of transportation in that area and in the whole general area? You mentioned the Upper Canada Canadian markets, the southern markets and so on, and obviously if any resources are going to be able to be funnelled into areas of greater economic and industrial development, transportation has to receive quite a bit of priority then. Are there any plans for the general improvement of transportation facilities for the area?

**Mr. Fullerton:** Power is no problem at all. We can turn out all the power needed from steam generated coal-fired or oil-fired boilers. Naturally, the better transportation, is the better off Cape Breton is. I cannot see Devco stepping into the field of trying to improve the transportation links between Quebec and Montreal, say. That is a bigger issue than Devco can cope with. Devco's job, I think, is to impress on everybody to get the transportation improved, improve the air service and so on, and that will strengthen our island

economy but you cannot expect Devco to spend money on roads.

**Mr. Lundrigan:** In other words, you are saying, Mr. Fullerton, that the government is not giving it broad enough perspective in order to cope with the full economy—this was in reference to another point made by another gentleman—not giving the resources, the necessary funds and the scope in order to deal with the full problem?

**Mr. Fullerton:** No, I did not say that. I said that there are clearly priorities in government spending and that in terms of Cape Breton alone money spent on improving transportation strengthens us and it would make our task a lot easier down there. However, there are certain competing priorities: for instance, building a road around Seven Islands and over the Belle Isle Strait.

**Mr. Lundrigan:** Well, I will forego that priority for Cape Breton this morning, Mr. Chairman.

**Mr. Roy (Laval):** Just one further question, Mr. Chairman. What has been the trend in the use of coal over the last five years, and what is the projected consumption?

**Mr. Fullerton:** There is favorable reaction to the use of coal that can be turned out at below \$5 a ton. Our coal costs us \$17 a ton, and there is not much demand for coal at that price. There is a big and growing demand for coal that can be turned out at a cost of between \$4 and \$5 a ton at the pithead.

**Mr. Roy (Laval):** Do you think that the higher price will mean extra benefits for the industry in the future?

**Mr. Fullerton:** Our target at the Langan mine is to turn out coal at between \$7 and \$8 a ton, which would compete locally with the American coal. For instance, there is the problem of shipping it from the mine to the port and so on. The only chance of our turning out coal at a respectable price is to open Langan and that will give the coal industry a fighting chance.

**Mr. Roy (Laval):** Mr. Chairman, I think it is important to have the figures on the consumption of coal and the projection.

**Mr. Fullerton:** Perhaps we could give that on Thursday.

**Mr. Roy (Laval):** Yes, all right.



**Mr. Breau:** Mr. Chairman, just one question dealing with manpower efficiency. Manpower efficiency can mean a lot of things. Is it a mechanical problem, is it technological or is it that the coal is too far away. Surely it is not lack of training, because I think Cape Breton miners are as good as any miners. Is it that the coal is too far away?

**Mr. Fullerton:** The problem is simply that these are very old mines. They are rabbit warrens. As the mines go farther out, it becomes a problem first of getting the men from the top of the shaft to the face. Some of the men now spend one hour and a half getting from the top of the shaft to the face and the same length of time returning. The second problem is to get the coal out. The long and tortuous shifting is done partly by conveyor, partly in small boxes that carry  $2\frac{1}{2}$  tons, coming up through twisted, narrow passageways with break-downs going on all the time. That is the important part of it. The third important factor is ventilation. Devco has installed especially good face equipment. The problem is that while it grinds up the coal quickly, it cannot be carried off quickly thereby causing dust and the consequent ventilation problems. Therefore, the plan in the Lingan mine is essentially to drive four shafts straight down to the face. This will get the men down there in 20 minutes, and the coal out on a conveyor. There will be two massive ventilation shafts. After exhaustive study our calculations show this will turn out coal at \$7 or \$8 a ton.

**Mr. Breau:** Do you think these problems could have been avoided by better planning when the mines were started?

**Mr. Fullerton:** Possibly, yes. I think Dosco was paid on a cost plus basis. For each ton of coal turned out they were paid a fee of 40 cents, so they just said, "Well, let us get all the coal we can and do not spend on anything..."

**Mr. Breau:** Efficiency had nothing to do with it?

**Mr. Fullerton:** Efficiency had no bearing on the thing at all and costs kept climbing—\$7, \$8, \$9, \$10, \$11, \$12, \$13, \$14, \$15, pay being part of it, of course.

**Mr. Breau:** You mentioned a while ago the gap between \$17 a ton and \$5 a ton and that maybe you could sell some at \$5 a ton. Do you think there is a possibility of reducing that gap?

**Mr. Fullerton:** We can get it down to \$7 or \$8 but that is good enough because the best mines are in the States but they have transportation costs from their pithead to their market. The American market is handling coal in Toronto at around \$8.50 laid down, about half of which is transportation cost.

**The Chairman:** Mr. Broadbent?

**Mr. Broadbent:** Mr. Fullerton, you probably realize one of the aspects of being a new member and a new Committee member at the same time is the process of being educated, so some of the questions I may ask are probably pretty simple.

First, as I understand, you have been in existence about a year; is that correct?

**Mr. Fullerton:** The bill was promulgated on July 7, the president was appointed on October 1, 1967, the first Board meeting took place on December 6. In terms of actual operating condition I think you must start us off April 1 last.

**Mr. Broadbent:** April 1?

**Mr. Fullerton:** We have been in operation seven and a half months effectively.

**Mr. Broadbent:** As I understand it from answers to earlier questions, you have not as yet developed any general plan for the area? Is that true?

**Mr. Fullerton:** You mean a plan in terms of a big overall plan? A plan or plans?

**Mr. Broadbent:** A plan—I failed to get a copy of that.

**Mr. Fullerton:** That is a plan.

**Mr. Broadbent:** Is there a proposal of what you intend to do including some specifics in this statement?

This may vitiate the next question if there is some indication, but I suspect it does not because of the the earlier questions and answers. I am concerned with the different aspects of what is being done within this department and its relationship with maybe what you intend to do. For example, the area development agency uses unemployment, as I understand it, as the main criterion for its programming. ARDA and FRED programs emphasize the growth potential of areas.

**Mr. Fullerton:** For their programs, more than anything else.



**Mr. Broadbent:** Then I get back to this problem of integration. If these people and you are operating in a semi-autonomous fashion, is there not serious potential of duplication, spending, of running into projects that potentially counter the effects of other projects?

**Mr. Fullerton:** Certainly it is possible. What I am saying is that there is a practical job to be done now and our job is to try to do it. I agree the co-ordination must follow. This was the purpose of the government, I understand, in establishing this department whose main function is to plan and co-ordinate, but the coal problem cannot wait.

**The Chairman:** Mr. Whiting?

**Mr. Whiting:** Mr. Chairman, just a question of Mr. Fullerton. Did I understand you correctly, sir, to say that coal laid down in Toronto from the United States is \$8.50? Is that the figure you used?

**Mr. Fullerton:** Yes, around that.

**Mr. Whiting:** Half of that is made up in transportation costs?

**Mr. Fullerton:** Yes.

**Mr. Whiting:** Did you say at the Lingan mine coal could be produced at a fairly low cost of \$7 to \$8 a ton?

**Mr. Fullerton:** That is right.

**Mr. Whiting:** Could you give me a little further explanation on that? I know the coal from this particular mine would not be going to Toronto.

**Mr. Fullerton:** That is right. That is certain.

**Mr. Whiting:** That is approximately half. The United States is producing it for approximately half the cost at which this mine, on which you are going to spend a lot of money, is capable of producing it. I just do not understand the big gap.

**Mr. Fullerton:** Part of the problem is there will still be some fairly long distances to travel. In saying \$7 to \$8, in the back of our minds there is the possibility of \$6 or \$7 if all goes well, and perhaps even better than that. But the fact is that the social problem will continue and my feeling is that that cost at the Lingan mine partly reflects our feeling that this mine cannot be as entirely stripped down in terms of efficiency as the best

American mine. In the States they simply glide into a mountain area and get the coal. It is an easier operation.

**Mr. Whiting:** Then you mean the American mines would be doing strip mining, would they not?

**Mr. Fullerton:** No, I am talking about American mining as opposed to strip. They can turn out some strip coal for much cheaper—\$2 to \$3 a ton.

**Mr. Whiting:** Where would this coal be sold from this particular mine? What markets would you be selling it in?

**Mr. Fullerton:** There would be mainly the coke market, partly to Sydney Steel and partly coke sold abroad. There is a difference between coking coal and slack coal. The American coking coal costs more than \$5 a ton. I think the pithead price is around \$7 a ton, so that you start off with an edge there in terms of metallurgical use of the coal.

The market for Devco coal would be first of all coking. It would pay us net \$10 a ton, approximately, in the present structure \$10 or \$11, plus sales to Nova Scotia steam plants. That is the bulk of our prospective market, plus sales of coke abroad, Newfoundland buying our coke, for example, and also overseas sales possibly.

**Mr. Whiting:** What percentage of this production would be used domestically? Have you any idea there?

**Mr. Fullerton:** An approximate figure would be about 75 per cent to 80 per cent. I am thinking in terms of a market of a million and a half.

**Mr. Whiting:** Thank you.

**Mr. Roy (Laval):** I received yesterday an article by the journalist Larent Lauzier of *La Presse*, Montreal. I think that the government has a social objective in all its roles, but I think that this article represents a very final objective in this role. I will read it in French. It is not very long.

[Interpretation]

It says: It appears more and more obvious for whoever observes carefully how the situation evolves and especially the new basic trends of international trade, that competition is still the prime mover of prosperity and of the economic development of highly

industrialized countries. As we have pointed out in a previous article, the Western economic world is evolving towards a kind of status which fights nationalism in all its forms so as to promote progress in international exchanges. It is important to recognize that a context of this nature involves requirements that can no longer be ignored by heads of governments in the drawing up of their policies and particularly their relations with the whole of the free world.

[English]

**Mr. Fullerton:** Productivity, yes. We keep striving for it all the time, and this is basically the guts of the whole Cape Breton operation. Mining coal is not a productive operation as it presently is. We have got to change.

**Mr. Lundrigan:** I wonder, Mr. Chairman, if Mr. Fullerton and his colleague are going to be with us again on Thursday. I would certainly like to have them back, because there are quite a number of questions...

**The Chairman:** On Thursday we will have not only Mr. Fullerton and Mr. Pack, but also the executive of the Cape Breton Development Corporation, Messrs. Ord, Blackmore and Doucet. I think probably some of our friends from Nova Scotia will have some specific questions that they want to ask the management team. Any other questions we can

hold until then. Also, Tom Kent will be back, along with Mr. Lavigne.

**Mr. MacInnis (Cape Breton-East Richmond):** Whom did you say?

**The Chairman:** Mr. Tom Kent, along with representatives from ARDA and ADA. It will be a three-hour meeting.

**Mr. MacEwan:** I have just one question, Mr. Chairman, to Mr. Pack. What were the contributions of the federal government and the government of Nova Scotia to the Corporation initially? What were the amounts?

**Mr. Pack:** The Act puts a limit of \$25 million on our capital expenditures for the Coal Division. It puts no limit on our losses because, as you may know, they are passed each year by Parliament, and it sets a \$20 million limit on the industrial development capital expenditures, supplemented by a promise from the Province of Nova Scotia of a further \$10 million towards industrial development.

**Mr. MacEwan:** And this was reached by an agreement between the two governments.

**Mr. Pack:** This was brought about as a result of a federal-provincial agreement of June 7, 1967, I think it was, between Canada and Nova Scotia.

**Mr. MacEwan:** Thank you.

---





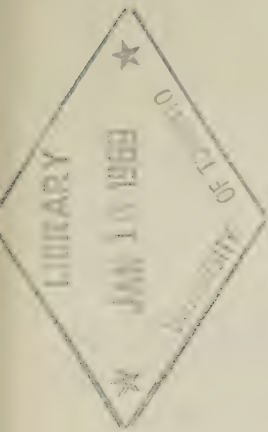
OFFICIAL REPORT OF MINUTES  
OF  
PROCEEDINGS AND EVIDENCE

This edition contains the English deliberations and/or a translation into English of the French.

Copies and complete sets are available to the public by subscription to the Queen's Printer. Cost varies according to Committees.

Translations under the direction of the Bureau for Translations, Secretary of State.

ALISTAIR FRASER,  
*The Clerk of the House.*



HOUSE OF COMMONS

First Session—Twenty-eighth Parliament

1968

---

STANDING COMMITTEE

ON

**REGIONAL DEVELOPMENT**

*Chairman:* Mr. JOHN MORISON

---

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

---

THURSDAY, NOVEMBER 28, 1968

---

Revised Main Estimates (1968-69) of Regional Development including  
the Cape Breton Development Corporation.

---

WITNESSES:

*From the Department of Forestry and Rural Development:* Mr. Tom Kent, Deputy Minister; Mr. A. Saumier, Assistant Deputy Minister; Mr. W. J. Lavigne, Commissioner, Area Development Agency. *From Cape Breton Development Corporation:* Mr. Robinsen Ord, President; Sydney; Mr. Gerald Blackmore, Vice-President, Coal, Sydney; Mr. F. J. Doucet, Vice-President, Industrial Development, Sydney; Mr. D. H. Fullerton, Chairman, Ottawa; Mr. K. M. Pack, Assistant to the President, Ottawa. *From the Atlantic Development Board:* Dr. E. P. Weeks.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1968

STANDING COMMITTEE

ON

REGIONAL DEVELOPMENT

*Chairman:* Mr. John Morison

*Vice-Chairman:* Mr. Alexandre Cyr

and Messrs.

Breau,	LeBlanc ( <i>Rimouski</i> ),	Nystrom,
Broadbent,	Lessard ( <i>Lac-Saint-Jean</i> ),	Roy ( <i>Laval</i> ),
Gauthier,	Lundrigan,	Smerchanski,
Gibson,	MacDonald ( <i>Egmont</i> ),	Stewart ( <i>Marquette</i> ),
Honey,	Mazankowski,	Whiting,
Korchinski,	McGrath,	Yanakis—20.

(Quorum 11)

R. V. Virr,  
*Clerk of the Committee.*



ORDER OF REFERENCE

WEDNESDAY, November 27, 1968.

*Ordered*,—That the names of Messrs. Yanakis and Gibson be substituted for those of Messrs. Comtois and Roberts on the Standing Committee on Regional Development.

*ATTEST:*

ALISTAIR FRASER,  
*The Clerk of the House of Commons.*



## MINUTES OF PROCEEDINGS

THURSDAY, November 28, 1968.

(5)

The Standing Committee on Regional Development met this day at 9.40 a.m., the Chairman Mr. Morison presiding.

*Members present:* Messrs. Breau, Broadbent, Cyr, Gibson, Honey, Korchinski, Lessard (*Lac-Saint-Jean*), MacDonald (*Egmont*), Mazankowski, Morison, Roy (*Laval*), Stewart (*Marquette*), Whiting, Yanakis—(14).

*Also present:* Messrs. MacInnis (*Cape Breton-East Richmond*), Muir (*Cape Breton-The Sydneys*), and Whelan, Members of Parliament.

*In attendance: From the Department of Forestry and Rural Development:* Mr. Tom Kent, Deputy Minister; Mr. A. Saumier, Assistant Deputy Minister; Mr. W. J. Lavigne, Commissioner, Area Development Agency. *From Cape Breton Development Corporation:* Mr. Robinsen Ord, President, Sydney; Mr. Gerald Blackmore, Vice-President, Coal, Sydney; Mr. F. J. Doucet, Vice-President, Industrial Development, Sydney; Mr. D. H. Fullerton, Chairman, Ottawa; Mr. K. M. Pack, Assistant to the President, Ottawa. *From the Atlantic Development Board:* Dr. E. P. Weeks.

The Committee had for consideration the estimates (1968-69) of Regional Development including The Cape Breton Development Corporation.

The Chairman introduced the officials of the Corporation and they were examined by the Members.

At the request of Mr. Broadbent, Mr. Ord, President of DEVCO undertook to provide Members with copies of appropriate speeches delivered by DEVCO officials outlining future plans of the Corporation.

The officials of the Department of Forestry and Rural Development were examined.

Mr. Kent undertook to provide copies of the Legislation and Regulations relating to the Department.

The Committee completed its examination of the DEVCO officials and items 35 and 40 were agreed to.

Items 5, 10 and L185 of Regional Development were agreed to.

At 1.25 p.m. the Committee adjourned to the call of the Chair.

R. V. Virr,  
*Clerk of the Committee.*





## EVIDENCE

*(Recorded by Electronic Apparatus)*

**Thursday, November 28, 1968**

● 0939

**The Chairman:** Gentlemen, we have a long day ahead of us. Shall we come to order and start with out witnesses. This morning I hope that we can get through the Denco group and then on to the Atlantic Development Board, ARDA and ADA. Mr. Kent and Mr. Saumier are coming in later to take care of ARDA, and I believe that Mr. Weeks will be back if you want to question him further on the ADB. I hope that we can finish the question on the estimates by noon, but if there are any further questions, Mr. Virr has been successful in getting us a further period this evening, so that if we do not carry all votes this morning, we can come back later on tonight.

Without further ado I would like to introduce, of course, Mr. D. H. Fullerton who you met the other day, Mr. Ord who is President of Denco, Mr. Gerald Blackmore who is Vice-President in charge of Coal Divisions, Mr. Pack, and Mr. F. J. Doucet, Vice-President in charge of the Industrial Development.

● 0940

We have had a general discussion with Mr. Fullerton and, unless you have something specifically you would like to say, Mr. Ord, I think we will just open with a general question period.

**Mr. Robinsen Ord (President, Cape Breton Development Corporation):** I think all the preliminaries were covered the other day.

**Mr. MacInnis (Cape Breton-East Richmond):** Mr. Chairman, not being a member of the Committee and realizing that aside from Mr. Muir, Mr. MacEwan and myself, that this is more of a local nature as far as the Development Corporation is concerned, I was following up on some of the remarks made at the previous meeting by Mr. Fullerton.

Speaking specifically of the Coal Division, Mr. Fullerton during the last meeting here referred to the Donald Report. This is probably not a question, but what I am saying is more or less for the benefit of the Committee

members, that the activities of the Development Corporation had been based largely on the Donald Report.

To begin with gentlemen, I want to make it quite clear that the Donald Report has no official status as far as the government is concerned. This was a study made by Dr. Donald which took one year to do. It was a study that could have been done in three months. It is just a matter of reviewing previous Royal Commissions, such as the Rand Commission in 1960. He has filled up his report with the unnecessary facts derived from previous legislation dealing with coal. Anybody following the coal industry closely would have been aware of this, and would know where to get it, and there was no need to fill up a volume with that. His figures do not correspond with the figures put forward by the Rand Commission in 1960 which made a thorough study of the coal industry, and which said at that time that there was in excess of 190 million ton of coal which could be mined economically. This is in the Rand Report.

Gentlemen, I might say here and now that when Justice Rand made his study on the coal situation, he saw fit to go into that area and to go down into the coal mines. Dr. Donald, to my knowledge, has never visited a coal operation, and his report, it could be well said, is nothing more than hearsay. Granted, the authorities that have taken over since may have found every reason to agree with him. But my objections to the approach on this is the fact that the Donald Report has been used as a guide, when Dr. Donald himself has never visited a coal operation. My disagreement arises from the approach to this question, that instead of following the legislation that was provided for in Bill C-135, Dr. Donald seems to be the authority for the action so far taken.

I would ask the members of the Committee if they would look at Bill C-135, in the preamble, the second paragraph, and I might say to begin with in the first paragraph of the pre-ample, they refer to the subventions or subsidies and government assistance that

have been paid over a period of about 40 years. Gentlemen, you look anywhere in this country and I can prove that subventions or subsidies or whatever you want to call them, are paid right throughout this country. I say here and now, since we are dealing with a question pretty close to the purpose of mining coal, and that is power development, that the St. Lawrence Seaway primarily was built not as a navigational link, but to provide hydro power for Ontario, and if anybody wants to question that, I would prefer to deal with it in the House of Commons where I will provide the absolute proof that this is the case. The Seaway was built for hydro purposes first and foremost, and if anybody questions that I will deal with it further in the House of Commons.

To get back to the pre-amble of Bill C-135 and we see:

And whereas the mines in the Sydney coalfield are faced with imminent closure unless a substantial capital investment is made for their rehabilitation and modernization.

• 0945

On the Devco report, gentlemen, Mr. Fullerton put it quite fairly the other day. He said there are those who will fight it. Well, I have to fight this because through attrition and resignation, or through the retirement plan, the Devco report is going to reduce the working force in the Cape Breton coal mines far faster than the legislation intended. The effect of this on the communities will be very drastic.

I might also emphasize that during the debate on Bill C-135 the intention and the purpose was not only to protect the miner and his job but to protect the communities where these mines are located, to protect the services provided—their schools, their hospitals, their churches and whatever other services you would care to mention. Figures have been produced on what the phasing out of a coal mine in the different towns will mean by way of tax assessment.

This, gentlemen, is not a satisfactory report, as far as I am concerned, and probably through questioning of the Devco gentlemen present this morning we may be able to clear up a few more disagreements that we do have with the particular approach that is advanced in the over-all plan.

I think that every effort should be made to rehabilitate and modernize this mine before

there is any phasing out. The opening of the Lingan seam which was always fairly well promoted in the Cape Breton area, was promoted not on the basis of displaced and present operating mines but on the basis of reducing the over-all cost of the coal. The work force in the three remaining collieries in the town of Glace Bay and New Waterford well in excess of 3,000 men employed but a lot of people have the impression that the opening of the new mine is going to take care of a considerable number of jobs. I do not know how long it will take for a new mine, operating with modernized equipment, to employ a staff of 500 but, gentlemen, I do not think I will be around here when that comes about. No new mine is going to be developed to the extent where it will be of any real value as an alternative for those men that possibly would be phased out of other collieries. Lingan was promoted primarily as a means of reducing the over-all cost of production.

• 0950

In respect of production, I might also say that I was surprised at the amount of the cost figure given here the other day—and I am not questioning it—for producing a ton of coal. No doubt the subvention and everything else were taken into consideration one way or the other. I always refer to them as subventions rather than subsidies because it was a transportation subvention that was paid. This subvention would necessarily have to take into account all the railway workers involved in the transportation of that coal between Cape Breton and the Lakehead or the Toronto area. After all, many people would be employed in that area. The subvention was going towards the transportation cost of the coal. It was not necessarily a subvention or a subsidy paid directly to the miners in Cape Breton. Many people had the false impression that the government was pouring this cash money in and it was going directly to the miner. This is not the case. This was spread over the transportation costs from the Cape Breton coal fields right into the Lakehead.

Mr. Fullerton was absolutely right when he said that there are those people who are going to fight against it. I have to, on the basis that I see nothing in the Devco Report that provides anything in the way of alternative work.

**The Chairman:** Mr. MacInnis, you have been very kind to have given us some background on the coal problem, but if you have



have seen nothing, as you just said, I wonder if you should not ask our witnesses questions so that you can draw out further information to augment what you have already given us.

**Mr. MacInnis (Cape Breton-East Richmond):** Probably we could start out by asking why the Donald Report was considered an authority on coal when Dr. Donald himself never ever visited a coal mine?

**Mr. D. H. Fullerton (Chairman, Cape Breton Development Corporation):** Well, the fact is that the Devco approach is based on the Cape Breton Development Act; it is not based on the Donald Report.

**Mr. Muir (Cape Breton-The Sydneys):** I am sorry to interrupt you. It should be on the Development Act, Bill C-135, but in your over-all plan you continually refer to the Donald Report.

**Mr. Fullerton:** We refer to the Donald Report in two ways. We accept some of the things that they say and we turn down some of the things they say. Donald said "no Langan mines", we said "Langan mines". I am saying therefore that Donald is no longer gospel.

**Mr. Muir (Cape Breton-The Sydneys):** You are saying that you are going to have Langan mines but that you are going to close four other mines, so you are trading four for one.

**Mr. MacInnis (Cape Breton-East Richmond):** May I say, Mr. Fullerton, that if you take a look at the Donald Report you will see that Dr. Donald in one of his submissions did refer to the opening of a new mine. I would refer to page 129 of the Donald Report in which he puts forth this idea:

*Closure of:* McBean in four years' time.  
*New Capital into:* No. 12, No. 20, No. 26, Princess, and a new mine at Langan.  
*New mine in full production in five years' time.*

**The Chairman:** Mr. MacInnis, you asked the witness why we are considering the Donald Report. I think that you might let him answer completely before interrupting him.

**Mr. MacInnis (Cape Breton-East Richmond):** Mr. Chairman, let me make this clear. I did not interrupt in the first place. I just referred back to the fact that the Donald Report does include a proposal of a new mine at Langan and I just wanted to refer to page 129 of this report.

**Mr. Fullerton:** The Donald Report mentions a variety of proposals and it discusses them all. It has proposals j, i, z and t, and certain other letters, but the fact is that Dr. Donald recommended certain things. We have accepted some of them and we have rejected certain other things. The Devco approach, I repeat again, is not based essentially on the Donald Report; it is based entirely on the Act.

**Mr. Breau:** Mr. Chairman, are we to discuss Devco estimates or the Donald Report?

**The Chairman:** I think that we are basically here for the Devco estimates. However, Mr. MacInnis has brought up the Donald Report as part of it and I think because it had some bearing on Bill C-135 that we should allow questions on it to be answered—for a while, at least.

• 0955

**Mr. MacInnis (Cape Breton-East Richmond):** Mr. Chairman, I expect that Mr. Muir will agree with me when I say, that we are not here to foul up any study of the estimates. We have been reminded that this Committee is sitting, that the Devco officials were present, and that possibly we might be in attendance to review the situation.

If this is not the intention of the Committee, I will only be too happy to do it in the House of Commons.

**Mr. Muir (Cape Breton-The Sydneys):** Mr. Chairman, we would not want to disturb the Committee at all.

**The Chairman:** You made it quite clear when you started that you wanted the indulgence of the Committee for a few minutes. I think, as you very properly pointed out, Mr. MacInnis, that a lot of us did not know the coal industry. I think that you have now covered that pretty well for us and that the witnesses should be allowed to answer the questions that you have posed so that, again, some of the members of the Committee who are not as knowledgeable about the coal industry as you are, will have the benefit of the knowledge that the members of Devco have.

**Mr. MacInnis (Cape Breton-East Richmond):** Could I ask Mr. Blackmore what efforts are being made to modernize No. 20 colliery in Glace Bay?

**Mr. Gerald Blackmore (Vice-President, Coal Divisions, Cape Breton Development**

**Corporation):** Mr. Chairman, from the time we took over on March 31 we have made every effort to analyze what the cost would be of rehabilitating the four collieries. We have done quite exhaustive exercises in this field. In actual fact, if you take the figures for each of the individual collieries in terms of rehabilitation cost, you would come up with figures like these. It would cost about \$12 million to rehabilitate No. 12 colliery to turn out a better result, about \$8 million for No. 20, \$11 millions for No. 26, and at Princess colliery, \$8 million.

Having assessed what it would cost, we then asked ourselves what would be the sort of level of results one would have achieved having obtained these figures. Well, first of all, having spent this sort of money you would have turned out an output of well over 4 million tons. And the great factor is this, that is doing a market assessment realistically, at anything like a reasonable price there is only a market for about 2 million tons. It is unreasonable to continue sending coal to the Ontario Hydro where you only get a net proceed price of \$4.50. So that the reasonable market is of the order of 2 million tons, and this will give you a net proceed price of about \$7.00. But the great factor is this: if you spent the sums of money on rehabilitation you could not get a production cost which could anywhere near equate. In fact we did a study to show what the over-all result would be and in our assessment, as and when you had effectively spent this money, you would still be losing about \$20 million a year plus any pension costs which we would be liable for.

We then did another exercise. We decided to take any two of these—because we were limited, Mr. Chairman, in our terms of reference to a capital investment of \$25 million for rehabilitation. The coal in No. 26 is the highest grade coal we have it is eminently suitable for coking and you get a premium of \$3.00 a ton for coking coal over and above coal used for thermal generation. But if you took the best two examples, namely No. 12 and No. 26 this would cost you about \$22 million, and it would take you at least seven or eight years to make any real impact on the work. And at the end of that, in our estimate, we would lose at least \$5 million a year plus the cost of pensions—and this disregards any allowance for depreciation of the new capital investment of \$22 million.

• 1000

Therefore we had to ask ourselves if this sort of proposal was in line with the

terms of reference laid down in the Act, where the Government of Canada said, "We are prepared to give you \$25 million during this period but you must make sure you are going to save us money", and there was an understanding that the money saved would go towards the promotion of ancillary industry. That is why, Mr. Chairman, the board of DEVCO supported the line of approach that the money was to be spent in two ways. The first way was to mechanize the present face operations in the present pits in order to do a far more effective job. Dr. Donald in his report—and the reference of course, is to page 135, paragraph 2—said that two things were basically wrong; the type of face mechanized equipment was out of date and inappropriate to modern circumstances and the clearance facilities at the four existing pits were hopelessly inadequate. His point on the type of machine we fully accepted, and we are progressively putting in the most modern and sophisticated long wall equipment, which has been proved throughout the world in mining communities which have long wall conditions to be the best equipment available. We cannot get the best possible results from that equipment in these old mines because of the lack of clearance facilities, but the level of results already obtained on the 25 south facing Princess and the 28 west facing No. 12, are of a far higher standard than Dr. Donald accepted could be achieved. For example, I think if you will look at page 143, of his report you will see that Dr. Donald accepted the fact that you could not reasonably expect an output of more than 1,100 tons a day, whereas I am pleased to say that the miners of Cape Breton in the Princess colliery regularly take 1,900 tons a day off their face and the people in No. 12 are currently regularly taking 1,600 to 1,700 tons a day.

**Mr. MacInnis (Cape Breton-East Richmond):** I want to make one remark here. That proves my point that Dr. Donald did not know what was going on. That is one reason his report should have been completely ignored.

**Mr. Blackmore:** If I could answer that point, Mr. Chairman, I think the evolution of this long wall equipment in the last three years has been extremely rapid. That is point number one. Point number two is that it also proves the fact that DEVCO looked at this afresh and profited from the technical evolution in the last three years, and they did not accept the Donald Report. What we are say-



ing is that having proved this type of equipment is effective in the conditions we have in the harbour scene in Cape Breton, we have said to ourselves, "What is the weakness?" We accept the fact that the weakness is in the four old pits where you have inadequate clearance, inadequate ventilation, inadequate man-riding facilities and inadequate supply facilities. We then said to ourselves, "How can we best do this within the money granted to us?", and we decided that the wisest investment was in Lingan, and that is why the DEVCO report recommends this.

One last fact, Mr. Chairman—and I am sure Mr. Fullerton and my president would agree with my making this comment—we have no intention within DEVCO, those of us who are operating within the terms of reference of the board, to put anyone on the road. We were set up, as we see it, for a social reason and on behalf of the Government of Canada I hope we will behave in a socially responsible fashion. We have said in the report that the best circumstance would be the one stated, where you have Lingan with a quiet phasing out of the other pits. However, it is fair to say that we have no intention of closing the other pits until alternative employment is provided and therefore we can see in this, Mr. Chairman, a smooth flow operation phasing out as we were asked.

• 1005

**Mr. MacInnis (Cape Breton-East Richmond):** Mr. Blackmore, may I say that the problem in Cape Breton is one of uncertainty, and I think most of the miners felt that the establishment of Bill C-135 was to remove that uncertainty. I think you will agree that there should be some adequate proof that alternative industrial opportunity is available. In this connection may I say that industrial opportunity for the miners in the different mining communities is something which should be provided in those communities, and to date there is absolutely no evidence of any job replacement opportunities in those mining communities. It is not for me to mention what some of the rumoured projected plans of DEVCO are—you probably know what I have in mind—but we do not see those as providing the mining communities with the protection that the legislation was intended to give those communities, along with the employees from the mines.

Following that up, I would like to ask Mr. Blackmore one more question in respect to the retirement and pension plans. I have asked

this question in the House but I have been ruled out. I put it to you gentlemen because you are no doubt looking at the authority to do these things—

**The Chairman:** Mr. MacInnis, if I may interrupt for just a moment. Before you question Mr. Blackmore on pensions, Mr. Fullerton would like to answer the first part of your question.

**Mr. Fullerton:** You raise the point that there is responsibility to the community to provide alternative jobs, as I understand it, and that this is fundamental under the Act. We have made it very clear in our plan—and I am a little puzzled that you have brought it up—that we do not intend to fire miners. We have accepted that responsibility. I think, we have gone somewhat further than the government has specified in the Act. We have spelled out that the phasing out of the mines is to be accomplished at a steady, viable pace. Nobody is going to be pushed out of the mines. I am still puzzled to understand why you challenge that approach. The debate at the time the Act was passed was clear. If you like, I could even quote Mr. MacInnis and Mr. Muir and state what was said at that time. Mr. Muir, speaking on June 19, said:

It is taken for granted in Cape Breton and throughout Nova Scotia and the Maritimes in general that not one man will be thrown out of employment until alternative work is found for him by the new corporation. We cannot emphasize this enough.

We have accepted this, and that goes a bit further than it is spelled out in the Act. I will now quote Mr. Donald MacInnis on the same date:

The word "protected" is the key word. He was speaking of the speech by Mr. MacEachen.

The purpose of the original policy statement and the intent of the legislation were to assure the miners of Cape Breton that there would be no displacements until alternative work was provided... I would ask the minister when he deals with this question to assure the house that alternative employment will be made available before any miner is displaced.

And we have accepted that policy. Do I understand that this does not go far enough? There is something else you want from the plan?



**Mr. MacInnis (Cape Breton-East Richmond):** Certainly, because the original policy statement referred to a fifteen year phase out period, not a five-year period.

**Mr. Fullerton:** There is no specification as to that. It is a phase out of the coal mines.

**Mr. MacInnis (Cape Breton-East Richmond):** They say early retirement. This will get me back to the question I was about to follow up on with Mr. Blackmore. Have the retirement and pension plans been followed up with the unions, as explained in the bill? Has this approach on the retirement and pension plans been negotiated in accordance with the legislation?

• 1010

**Mr. Fullerton:** I propose to ask Mr. Blackmore to reply, but I would first like to say that we are not bringing in an early retirement scheme. It is not a pension plan. It is a pre-retirement leave program. The men remain employees of DEVCO. They are not on pension; they are not on retirement. Mr. Blackmore will now follow up on the union negotiations.

**Mr. Blackmore:** Mr. Chairman, I think the operative word here is "negotiate". As I read the Act there is nothing in it that says that DEVCO should negotiate, but I think DEVCO accepts the fact in terms of good managerial procedure that they must "consult", and consult they have. If we look at the practicality of this, there are ten bodies of people, eight of whom are within recognized trade unions, who are involved in this matter and in terms of practicality I think if one even thought of negotiation it would be impractical to try and negotiate with eight different bodies on one scheme. It is fair to say that DEVCO did consult with these bodies of organized labour and I assure you, Mr. Chairman, and your Committee members that in recent weeks each of the recognized unions that are involved have had the opportunity of going through the pre-retirement leave plan word by word. You will remember that in this plan there is a sentence that says that DEVCO has the right to make regulations to implement this, and we fully accept the fact that the document has to be supported by definitions on how it is going to be implemented. I am the person who has had the privilege of meeting with the unions on this particular point, and at this stage I think I have a fair impression of their reactions. However, it is very

fair to say that the unions have been fully consulted in terms of the pre-retirement leave plan which was tabled in the House of Commons a week ago last Monday.

**Mr. MacInnis (Cape Breton-East Richmond):** I understand that the pre-retirement leave plan was not negotiated with the unions involved. It was a plan that was developed and presented to them for their approval.

**Mr. Blackmore:** It was developed as a result of a degree of consultation.

**Mr. MacInnis (Cape Breton-East Richmond):** With the unions?

**Mr. Blackmore:** With the unions, yes.

**Mr. MacInnis (Cape Breton-East Richmond):** All unions?

**Mr. Blackmore:** I think the fair answer to that is no, and principally because out of the approximately 6,000 people that we employ I would say that 93 per cent of them are members of one union.

**Mr. MacInnis (Cape Breton-East Richmond):** Yes, Mr. Blackmore, but in the legislation it said:

Each trade union that on the day preceding the coming into force of this Act was certified under the Trade Union Act of the Province of Nova Scotia as a bargaining agent for persons employed by the companies in connection with the works and undertakings declared by subsection (1) . . .

and so on. In other words, despite the fact that 93 per cent of the employees are members of the United Mine Workers of America, the fact remains that the complaint has been that the other unions involved were never consulted on this prior to the retirement plan being presented.

**Mr. Blackmore:** I think we are taking a fine line here, Mr. Chairman. I know I am taking a fine line because there is nothing in the Act which says it has to be negotiated.

**Mr. MacInnis (Cape Breton-East Richmond):** That is true. It does not say it has to be negotiated.

**Mr. Blackmore:** The corporation is involved to make a by-law.

**Mr. MacInnis (Cape Breton-East Richmond):** I am embarrassed by the fact that the

Committee has been tied up by this haranguing, but Mr. Fullerton did foresee a fight on this, he said we were going to get one and I propose to give it to you, but I would much prefer to give it to you in the House of Commons because I am not a member of this Committee.

• 1015

However, the Act specifically states this, I think, and as you say, Mr. Blackmore, we are probably drawing a pretty thin line here, but after all—and again I refer to the fact that this thing has to be fought to a certain extent—the idea of mines being phased out by a person in early retirement plans brings me back again to the question that the retirement at the age of 60 is a compulsory matter and that although they are not pensioned off, as Mr. Fullerton has said, neither are they on the payroll . . .

**Mr. Fullerton:** That is not true.

**Mr. MacInnis (Cape Breton-East Richmond):** All right. They are on the payroll, but they are not earning, they are not working, they are at home and they are on call. While they are on call any earnings they may be able to pick up outside of the coal operations is restricted to \$50.

**Mr. Fullerton:** No, there is no restriction at all on outside earnings.

**Mr. MacInnis (Cape Breton-East Richmond):** No restrictions.

**Mr. Fullerton:** No.

**Mr. MacInnis (Cape Breton-East Richmond):** All right I will accept that.

**Mr. Fullerton:** You would have to adjust . . .

**Mr. MacInnis (Cape Breton-East Richmond):** What is going to be the position of the—what is going to be the position . . .

**Some hon. Members:** On a point of order . . .

**An hon. Member:** The witness was completing his answer. I do not think you understood, sir, that he was still answering when you started another question.

**Mr. MacInnis (Cape Breton-East Richmond):** Probably you did not understand that I was satisfied with the answer I received.

**Mr. Fullerton:** The preretirement leave plan provides that the men can earn \$50 a month outside without affecting the amount of their benefit under the plan. However, should they earn an amount in excess of \$50 a month their benefits are reduced by half. In other words if a man on preretirement leave works outside painting a house or something like that and gets a \$100 a month extra, he keeps \$75 of it.

**Mr. MacInnis (Cape Breton-East Richmond):** That is, as I was saying, a restriction on his earning powers outside of his coal operations.

**The Chairman:** Mr. MacInnis, just to save you the embarrassment that you mentioned, could we stand down some of your questions for a little while and hear from some of the other members who have been waiting rather patiently.

**Mr. MacInnis (Cape Breton-East Richmond):** This was my intention in the first place Mr. Chairman. We did not mean to interrupt the studying of the estimates. Both Mr. Muir and I have attended this Committee only at the suggestion of others. We are vitally interested, but we can follow it up in the House. I thank the Committee for their indulgence to this point and promise Mr. Fullerton the fight he expects.

**Mr. Muir (Cape Breton-The Sydneys):** Mr. Chairman, I would just like to point out to Mr. MacInnis that the over-all plan is part of the estimates of the Cape Breton Development Corporation, so I doubt if he has to apologize for it.

**The Chairman:** I do not think anybody asked Mr. MacInnis to apologize.

**Mr. Muir (Cape Breton-The Sydneys):** It is part of the estimates.

**Mr. MacInnis (Cape Breton-East Richmond):** Mr. Chairman, let us be as frank as we possibly can about the whole setup of this Committee. The attendance of Mr. Muir and I here has been a disturbing factor; in fact, that we were even going to attend was somewhat disturbing, although they were kind enough to invite us.

**Mr. Muir (Cape Breton-The Sydneys):** I think you are rather flattering yourself.

**The Chairman:** As far as I am concerned, speaking as Chairman, I am pleased to see you here Mr. MacInnis because I know there



are very few of us who know much about the coal business.

**Mr. MacInnis (Cape Breton-East Richmond):** Thank you very much, Mr. Chairman, but this is not the most enjoyable table we have sat around.

**The Chairman:** Mr. Broadbent, do you have a question?

**Mr. Broadbent:** Yes.

**Mr. Roy (Laval):** Mr. MacInnis is now going out. He should be here.

**Mr. MacInnis (Cape Breton-East Richmond):** The temptation to keep talking is too great.

**Mr. Roy (Laval):** All right.

**Mr. MacInnis (Cape Breton-East Richmond):** The only way I can keep quiet is to remove myself.

**The Chairman:** Mr. Broadbent?

**Mr. Broadbent:** I am somewhat embarrassed at following a coal mining expert.

• 1020

Mr. Chairman, as I explained yesterday during the course of my questioning, I did not have this document before me and therefore the kinds of questions that I asked at that time might not have been appropriate, in the sense that some of them might have been answered in the paper. Having read the paper, I think rather carefully, I could have repeated the questions that I put to witnesses at that time. I would like to follow up a little more specifically some of the questions I asked then. For example, on page three of the report, the last sentence in the top paragraph says:

Based on present trends, an estimated 1,300 to 2,300 men will leave the Coal Division for these reasons over the next five years.

I am a little dubious about the phrase here "present trends"; that is, over what period of time for example is this calculated? The obvious problem is you can take a trend over two months and you can have the calamitous prediction, or you can have a very optimistic prediction.

**Mr. Fullerton:** This essentially stems from the 50 people each month we talked about the other day, but, given an extrapolation of that trend, there is some natural falling off due to the fact that the mining population is getting

smaller all the time, plus the differential factor of additional jobs being created, tending to pull people out of the mines. This would mean that the number leaving the mines would be some place between those two figures. We cannot predict it now; it will depend upon our success in bringing in industry. However, the minimum from normal attrition, that is, people deciding to go, would mean a loss from the mines of 1,300 in five years. That, again, is just an educated guess.

**Mr. Broadbent:** My response would be to say it is a guess because it is based in part upon the expectation of jobs in the area. Part of your forecast is that one of the reasons for the decline is they are leaving for alternative forms of employment.

**Mr. Fullerton:** That is right.

**Mr. Broadbent:** If the Devco and related planning departments or agencies in the province of Nova Scotia provide more jobs in the area over this period of time, then obviously this so called trend is going to be accelerated.

**Mr. Fullerton:** That is right.

**Mr. Broadbent:** If there are fewer, and especially if jobs opportunities in Ontario go down substantially over the next period, then the trend is going to go down.

**Mr. Fullerton:** No, but that 1,300 based on past experience represents our best guess at the minimum number leaving the mine regardless of all other factors.

**Mr. Broadbent:** All right. I would like to follow this up with a question that I tried to get at the other day and that is about the kinds of alternative forms of employment Devco had in mind. Having read this, again I will give you my frank reaction, this report looked to me rather like the kind of outline for a course that certain professors I know prepare at the beginning of September when they have not done much perhaps all during the summer months and want to entice a number of students into their course.

• 1025

For example, on page five under the sub-heading of Development Strategy, dealing with the problem of enticing industry into the area, you say in the middle of that paragraph:

In the short run, therefore, it will be necessary to attract secondary manufac-



turing industries and build up service industries in order to provide the new jobs needed.

There is no indication in this report at all about the kinds of industry that you have in mind.

**Mr. Robinsen Ord (President, Cape Breton Development Corporation):** I would like to say in very few words, that when you are developing new industry the last thing you do is advertise the kinds of industry you are trying to attract, because every province is trying to get new industry. It is very competitive, so we do not say what we are after until we have it signed up. We have had some rather significant successes so far, but we are not going to signal ahead what the new ones are going to be. We have said that we are going to develop secondary manufacturing. We have gone far afield to bring people in. We have said that we are going to develop resources to the extent possible. We have said that we are going to develop tourism which will employ a lot of people. These are general things. We do not want to particularise. We really have to be awfully careful about that.

Having started, I would like to read, Mr. Chairman, what I think is the key sentence in this plan, and that is:

The rate at which the work force will be reduced will clearly depend mainly on the success of the industrial development division and other agencies in finding jobs and the plan is flexible enough so that its speed of implementation can be slowed or accelerated to meet changing conditions.

It seems to me that that sentence is the key to many of the discussions that have been taking place.

**An hon. Member:** What page is that on?

**Mr. Ord:** That is the first page.

**Mr. Broadbent:** I was expecting elaboration on that point. Why is that the key? Is it the flexibility part of it.

**Mr. Ord:** Yes.

**Mr. Broadbent:** But you have been stressing so far the need for some degree of secrecy and I can perhaps understand that point, but then we have a problem here, as Members of Parliament, in assessing the efficacy of what you are doing if we do not know, in fact, what you are doing in this regard,

because one of the keys to the whole area there is your developmental plans. If substantially these are to be kept in secret, then it is hard for us to assess what is being done, is it not?

**Mr. Fullerton:** May I explain again, that this section of our operation has been going for seven months; it has just got started. I do not think it is entirely fair to expect a long detailed statement of our expectations. We could talk about it a long time, but it would be, in a sense, both improper in terms of secrecy and confidentiality. Also I do not believe it would be as factually solid as you might feel it should be at the present time. In other words, I must stress we just got started and that is why we have emphasized again and again flexibility; that we do not plan to put the miners out on the street until there are alternative job opportunities for them. Therefore the plan can be accelerated or slowed depending upon the jobs appearing.

**Mr. Broadbent:** Mr. Chairman, I did not expect a long list of plans, but what I am questioning, perhaps a little more bluntly than is appropriate, is that we do not have a list at all, with all respect. We have a very general statement, with no specific kind of indication. For example, do you plan to attract labour intensive industry? If so, could you provide some justification for that in view of what certain economists say about the inappropriateness for that in Canada in terms of our competition with Japan and other countries that are trying to get away from this kind of industry.

• 1030

**Mr. Fullerton:** We could talk about the economics of development. I could tell you that there is a tremendous split among economists at the present time. Do you go after capital intensive or after labour intensive industry? Do you pick one economist who says you ought to be going to capital intensive or do you pick somebody as competent who goes the other way?

**Mr. Broadbent:** Well, could you tell me what you have in mind and give the reasons justifying one or the other, or both?

**Mr. Fullerton:** Mr. Doucet could talk on this, I think. A good mix is a good answer but...

**Mr. F. J. Doucet (Vice-President, Industrial Development, Cape Breton Development Cor-**

poration, Sydney, N.S.): Mr. Chairman, the Corporation gave \$4.5 million to British American Oil and a very little amount of money to a company that is going to manufacture the jigger. It was once known as the jigger and still is for the moment. This one is obviously labour intensive and the other one is obviously capital intensive, and in any economy that you choose to look at you find both.

I do not want to prejudice the policy that my Corporation is going to develop, and as you know, Mr. Broadbent, I think we have only been at it 7½ months. That is being generous because that is the day on which I came on strength, and to this day I have four people with me. The problem of recruiting competent technical staff for the kind of job we are trying to do, Mr. Kent and Mr. Lavigne could tell you, is not easy, even if you are at the centre. If you are out a little it is even more difficult.

Coming back to your question, the Corporation so far has done both. I think you will see that the Corporation will continue to do both because among the labour intensive industries you have some that have very good technology, that have good management. They will succeed in Canada as well, or as badly, and will compete as well, or as badly, against the Japanese or any of the other places where you have fairly low wages as they have in the past. They will compete better if they have better technology and better management.

Of the capital intensive industries some will obviously be good bets to support, depending on the extent to which you will have to support them, on what they are paid, what their reason for locating in Cape Breton may be, what their chances are in the long run in terms of providing not only jobs but a corner. And this, of course, was the reason why the Corporation supported British American Oil, because it represented in that particular location the corner for development of ancillary industry and also for the development of the port. That is not an economic argument, one versus the other, but I think it is a practical one. Thank you, Mr. Chairman.

**Mr. Ord:** May I add to that, Mr. Chairman. We have not said as much in the general plan as we have outside the plan, because according to the Act the plan required us to present a plan on the coal mining side of it, mentioning as we went along something about development. There was not a separate development plan required to be submitted, so that

the plan concerns itself principally with coal mining.

Outside of this formal plan, we have talked about some of the things and I have talked about a number of things in various speeches that we have given, and they do relate, as Mr. Doucet says, to a mixed economy.

**Mr. Broadbent:** Mixed, as between labour intensive and capital.

**Mr. Ord:** That is right.

**Mr. Broadbent:** Not between public and private ownership, or do you mean that as well?

**An hon. Member:** Men and women.

**Mr. Ord:** I am not quite sure whether I get the point there, but we have said from the very beginning that it is not our intention to be a minor TVA. We try to put other people into business, not to be in businesses ourselves, other than the operation of the coal mines.

**Mr. Broadbent:** Could the members of the Committee have copies of these speeches, Mr. Chairman? Obviously they would be relevant if they are available.

**The Chairman:** Mr. Ord, do you have copies of these speeches.

**Mr. Ord:** Not here, but I have some.

**The Chairman:** Yes, we will try and get them for you, Mr. Broadbent.

**Mr. Doucet:** I think in all fairness, Mr. Chairman, I should mention one more comment about that, and that is that we do propose, in case this was misunderstood, at some time in the not too distant future to have a more detailed development plan or strategy. But I think in spite of your comparison with the professor at the beginning of the year, that indeed this is what we are. We are at the beginning of the year, and what we have given there is an approach. It is an approach which if followed in industrial development will be seen to be not really that different.

• 1035

I think there is maybe one element of difference that should be brought in, and that is that the Corporation was given rather a broad responsibility, and that bringing industries in which we have selected at the moment, the thing that we are talking about, is only part



of the picture. There are other aspects of it. For example, the development of the resource, but as pointed out in the plan, this is slower. If you start with a resource development program now you would be lucky if you had any jobs in three years. You would have done very, very well if you had a significant number in five.

This is no reason for not doing it, but in setting your priority at the beginning of the program in which you are trying to replace jobs where you are losing a large amount of money, then you try to go for the ones that have the quickest pay-off. In 7½ months, as a matter of fact, we have done rather well I think, and if we were meeting in three or four months I think you would agree with us.

At the moment I have to say that in terms of what is out to the public, it does not look like very much. Nevertheless, if you were to sum them together in the first phase of their operation, these few industries would be the equivalent of a mine and a quarter, approximately.

**Mr. Broadbent:** If I could come back to an earlier part of the report, and again this relates to a problem that it seems to me we should be seriously concerned about. It was touched upon, at least, the other day. The report refers to the encouragement of early retirement. Would you correct me if my impression is wrong here, that it is quite conceivable, say within five years in this part of Cape Breton, that we could have 3,000 recently retired men living in the area.

**Mr. Fullerton:** Two thousand I would think would be closer. Mr. Blackmore could probably say.

**Mr. Blackmore:** The specific figures, Mr. Chairman, are that at the present time, and if you take December 31 this year as a date, there will be on December 31 in our employ 668 people who have reached their sixtieth birthday and are between 60 and 65. There will be 842 people who will be between the ages of 55 and 60.

I have not got the precise figure, if you take your five-year period, Mr. Broadbent, of the people who are currently between 50 and 55, but I would think very approximately there are 800 people in that age category. The early retirement scheme or the pre-retirement leave plan proposed by Devco, and accepted by Cabinet, sets compulsory retire-

ment at 60, and voluntary retirement between 55 and 60.

This is a great problem in the coal division for planning for the future how many people are going to exercise an option on the voluntary aspect. But we are perfectly satisfied that whatever happens we can, within the broad policy, implement our desire not to put any one on the road. We are perfectly satisfied on that score, which we think is the critical score.

**Mr. Muir (Cape Breton-The Sydneys):** Mr. Blackmore, do these figures you gave include members of the United Mine Workers of America, plus your official staffs in all the mines?

**Mr. Blackmore:** It includes everyone.

**Mr. Muir (Cape Breton-The Sydneys):** Thank you.

**Mr. Broadbent:** What I was personally concerned about is the retired people. Is there any plan to provide a kind of social organization, recreational facilities and so on, for these people. I come from an area where there are many retired people. We all know about the problem of a man, perhaps especially a man who has spent his life in an industrial way and is out of work.

As human beings, many people have a lot of trouble living, and I wonder if there is anything in the plan to take into account this human aspect of the problem which, in terms of percentages of retired people in that area is going to go away up. If your plans are successful from an economic point of view, the numbers of retired people, I think, are going to go up and I am wondering what, if anything, is being done to plan for this eventuality.

• 1040

**Mr. Fullerton:** There have been no plans made as yet to find new work or hasten opportunities, but there is certainly a big drive on now to expand educational opportunities in Cape Breton so that the level of education may be the principal instrument for keeping them off the streets, if you like.

**Mr. Ord:** Could I add, Mr. Chairman, that there was already a good deal going in the way of building of recreational facilities when we first came into the picture, and there still is. I think the only thing we have directly sponsored in the last few months is the ski-



run which is going to be, we think, quite successful. We have up to 1,000 members.

There is already a scheme going in New Waterford for a new skating rink and recreational centre which we are supporting. I could have stopped when I started, that there was a lot going already and we are very pleased to see it.

**Mr. Fullerton:** May I perhaps throw in a plug here. Cape Breton is a very attractive place to live, and many of the miners now enjoy fishing and hunting, so that the situation is not the same as if you put them on the street in Montreal or Toronto. Cape Breton is a very attractive place.

**Mr. Broadbent:** Well, again with respect, Mr. Chairman, I think there is an important difference between enjoying fishing and hunting in one's leisure hours when they amount to only a few hours a week, compared with having a whole week of leisure time. Do you have a specific part of your budget, let us put it this way, set aside for planning in this area?

**Mr. Ord:** No, we have not.

**Mr. Doucet:** May I just say this, Mr. Chairman. This is a problem that we have thought about and talked about, but even the 2,000 you are talking about is only marginal as an addition to the problem in Cape Breton.

The total population of the county is 135,000. I do not have in my head the age breakdown. Nevertheless, even adding 2,000 persons in that category is not in itself a new large problem, but the problem of an old population in Cape Breton is an old one. It has been with us for several years now, and it is getting worse. This is something about which we have been thinking, but this is a much more difficult thing to cope with.

It is not just a question of money. It is the question of whether the institutional framework in Cape Breton can cope with it. Several of us, without making any large announcement or anything, have been discussing with the various groups, such as the church groups, Y.M.C.A. and associations of a variety of kinds, as to how we might better cope with this problem in the future.

However, I would suggest that this is a national problem. If we can find a way of doing something in Cape Breton, I think it will be copied in many other places. It is not essentially a Cape Breton problem. It is only

that we have a slightly older population, and with adding these 2,000, it aggravates the problem a little more, but in itself it is not a very serious problem. We could cope with the 2,000 and find them ways of spending their leisure time, but the much larger problem is the other group for which no one has ever found a way of coping with the problems of leisure time.

**Mr. Broadbent:** I agree it is a national problem but it is a Cape Breton problem for you people.

**Mr. Doucet:** That is right.

**Mr. Broadbent:** Therefore I suggest it is an important responsibility. To get back to what I said the other day, I suggest the need for a FRED kind of program to be co-ordinated with your kind of work. I do not want to take up time to pursue the line of questioning that was followed the other day. I will conclude with what I hope are just two other brief questions.

● 1045

At the bottom of page 5 you say there is a special settling-in allowance of up to \$2,000 per employee. Would you mind just telling me what that means?

**Mr. Doucet:** To new industries that we have been trying to attract to Cape Breton, in addition—that is, if we think this is necessary and it is the way to attract them—for example, to the fixed asset financing that may be available plus what they could put in themselves and get from the market and the Area Development Grant, we offer them if we consider this necessary a maximum of \$2,000 per employee that they will have on stream as an outright grant which is not returnable.

There are stipulations as to how long they must operate in Cape Breton, and so on, which are covered in a legal agreement and we may even take a chattel mortgage as a protection for the period of time that it runs. The purpose of this grant is to cover the cost of locating facilities in Cape Breton; the cost of bringing people in—the senior management people; the cost of some additional training for some of the local people, things that are not covered by the regular training program of management and the cost, in many cases, of having to move pieces of machinery, for example, from one of their other operations to an operation here rather than machinery that they may buy.

**Mr. Broadbent:** My last question relates to the same paragraph at the end where you say:

Where necessary, the Corporation will take an equity position in a company but will protect its interest through legal agreements and by appointing its own nominees to the Board of Directors of these companies.

I take it that is part of the pragmatic approach again, but in a case where you decide to appoint your own nominees to the Board of Directors, do you have any idea at this point what percentage of the directors you would want to have as your appointees?

**Mr. Doucet:** That is flexible, too. In the case of two companies in one case we will have a majority because we have particular reasons to want to keep control for a while where we are 50-50 and where we can appoint a tie-breaker if we ever think it is necessary, and in the other case we have two out of ten. In neither of these cases do we have an equity participation by the Board.

**Mr. Broadbent:** Could you indicate how you separate the companies over which you want to have control for awhile from those for which you think it is unimportant? Could you give us some idea of your criteria?

**Mr. Doucet:** In the case of a local company that has been in trouble and which nevertheless if it is to survive has to expand but cannot, we might go farther, for example, in terms of assisting than we would go, say, if we were working with British American Oil or Northern Electric or any one of these large companies.

In the case of a well-backed but separate Canadian part of an American corporation, obviously we would not be looking for control when our interest might be the equivalent of 10 per cent of total capital or less. However, in the case of a small corporation, a small local group, in the resource field, for example, that would not have too much of an equity themselves and a fair amount of money, say, from the government of Nova Scotia, and in order to enable it to survive it requires expansion and new machinery and cannot finance it in the market, then, of course, we would want control. I am giving this as an example.

**Mr. Broadbent:** Would it be the general rule that wherever you are providing a sub-

stantial amount of capital you are insisting at the same time on a greater deal of control?

**Mr. Doucet:** That is right.

**Mr. Broadbent:** Thank you, Mr. Chairman.

**The Chairman:** Mr. Honey, do you have question? I might mention that Mr. Kent and Mr. Saumier are here to answer any questions on ARDA or ADA and perhaps on NewStart so that if you can keep these questions down to a minimum now, then we can introduce our other witnesses and get into another area away from the Maritimes.

**Mr. Honey:** Mr. Chairman, I will assist you. The point I had in mind was covered in the answers to Mr. Broadbent's questions.

**The Chairman:** Thank you, Mr. Honey. Mr. MacDonald?

• 1050

**Mr. MacDonald (Egmont):** I have just a couple of short questions. Mr. Fullerton or Mr. Ord, I am not looking for a long answer, but just so it will be clear to me and other members of the Committee, is the basic difficulty that you are having or that you have had over the years of the marketing of the Cape Breton coal a question of quality or the non-availability of markets or both, or ...

**Mr. Fullerton:** Just pure costs.

**Mr. Honey:** Costs of manufacture?

**Mr. Fullerton:** It is high-priced coal; that is the problem. It is as simple as that and it is as complex as that.

**Mr. Ord:** That is why we have contracted the market; there is no sense in throwing money away.

**Mr. Blackmore:** Mr. Chairman, in answer to the question by Mr. MacDonald, Dr. Donald on page 80, paragraph 4, said that over the last ten years there has been no increase in proceeds. He also says on page 57, paragraph 5, that it has been established that the use of Cape Breton coal for the manufacture of coke has not been acceptable and cannot compete with American coal.

As a result of work that has been done since Devco has taken over, we have managed very firmly to establish that under the right scientific control Cape Breton coal can be used for the manufacture of coke and this immediately puts you not only into a higher price market in terms of the value you



get for the coal, but also puts you into a market on your own doorstep.

The amount of coal that can be carbonized at Sydney if the present ovens are used to maximum capacity is 990,000 tons per annum. We have established very firmly that 75 per cent of that volume—or about 740,000 tons—could be Cape Breton coal. The two basic factors in this are sulphur and the physical characteristics which lead up to the hardness and stability in the coke. We think by making relatively small additions to the coke oven plant that we can very firmly get ourselves into the market for up to 700,000 tons a year.

We are following up all the things necessary to do that and we are also following up work being done by the federal Department of Mines, Energy and Resources on the desulphurization of coal. At the same time we are very mindful that with the success of the Sydney steel plant they will want virtually all the coke we can produce if they go along on their present basis.

There is a third factor in this which is very pertinent to marketing reorientation. There would appear to be a developing shortage in the world market of coal which is suitable for carbonization and at the same time a world shortage of coke. If we can put our coal in the right condition for the world carbonization market with our adjacency to a relatively deep sea port, we put ourselves into an entirely different field. In short, what we are saying is that the more we can put our coal into the carbonization field we get a higher net proceed which is entirely contrary to what Dr. Donald said.

In short, and I think I said it earlier on, if you sell coal in the thermal generation market you are either up against the oil competitive price which, on our doorstep, is about \$8.70 Canadian or, alternatively, if you deal with the upper Canadian market you are up against American competition which is about the same sort of figure.

Therefore, the sort of contracts we have been working on in recent years of 750,000 tons to Ontario Hydro, having paid the transportation charges, gives us a net project figure of \$4.50. However, if you take a production cost of \$16 or \$17 you will realize that every time a boat goes over the Sydney River up to the Ontario Hydro, there is approximately \$250,000 to \$300,000 of federal money; well, I will not qualify going up the river.

**Mr. MacDonald (Egmont):** I am glad you did not say, going down the river.

**Mr. Blackmore:** Can I put it another way, Mr. MacDonald? The basic point is this: We have achieved a certain amount already by marketing reorientation. Our current level of proceeds is approximately \$1 per ton higher than it was last year by the marketing reorientation done. With our success in establishing the usefulness under the right conditions of the Sydney Coal—low sulphur, the right characteristics in the making of coke—we see a progressive increase in net proceeds in the years to come.

This is another big factor, a justification for going into Langan because if you study the lines of sulphur between No. 12 colliery on the one side of Langan and No. 26 colliery on the other side of Langan, you can make a reasoned judgment that the sulphur content of the coal in that area is very, very much lower than it is in Princess, or 20 or 12. It is akin to 26 and probably no higher.

#### • 1055

This is why we have faith in our Langan proposal; we get coal of a type which can go direct for carbonization giving us a higher net proceed value. So we have the two factors. We not only have the proceeds going up by doing the Langan project but we have our production costs coming down because we can get the maximum utilization of high capacity, long roll machines coupled with a first class clearance facility outside with a minimum number of men. The two factors working together give us a picture which we argue gives a greater degree of economic viability by an investment in Langan than an investment in any other direction.

**Mr. MacDonald (Egmont):** May I ask a related question, and that will be it as far as I am concerned on this matter today? One of the things that has disturbed me about the possibility of a large phasing out of the coal mines is that because of the kind of era in which we are living we sometimes find, after we have made that kind of decision, the very thing we are phasing out gets to be a high demand product. I am wondering in this connection whether under your sponsorship or by other agencies any long term research on other uses of coal is being carried out. Is this kind of thing part of your responsibility or...

**Mr. Blackmore:** Mr. Chairman, I think Mr. MacDonald will know I came from the



National Coal Board in Britain which, in terms of size, is about 50 times bigger than the coal industry in Cape Breton—about 50 times bigger than it has ever been; it is about 100 times bigger than it is now. The basic point is that I believe we have access to this sort of information. May we come back to square one and to what I said earlier on, that if we have to rely for any large percentage of our markets in terms of thermal generation we just cannot compete. Therefore we are going in the direction of using coal as a chemical base and once you use it for carbonization you are doing this.

There are many other schemes being developed in the world, particularly in the States where the amount of money being invested in the developing of alternative uses for coal is extremely high. I think in each of these cases again low sulphur is a fundamental characteristic because desulphurization must be an expensive process.

Now, we have access to these things but I would think at this stage our best bet is most emphatically to go for that sort of production which can be directly used in the production of coke and its by-products, and I believe that in years to come the by-product aspects of carbonization probably will be financially very attractive.

**Mr. MacDonald (Egmont):** I was really just wondering whether we are participating in or sponsoring any kind of research that could be related to the product that is predominant in the mining situation.

**Mr. Blackmore:** We are members of the Canadian Carbonization Association. We are also allied to the American Carbonization Association and we have very strong affiliations in Europe, and anything that is done in Europe we can have direct access to and we are constantly watching this.

**Mr. MacDonald (Egmont):** We are not providing an input, say, through the National Research Council or some agency that might be doing a specific project on this, are we?

**Mr. Blackmore:** Well, we are related to this through the Canadian Carbonization Association and we are very much concerned with a number of bodies in Canada who are following up this question of desulphurization. We are looking at it very intently in terms of coke, but the world at large is looking at it in terms of air pollution from thermo power stations.

**Mr. MacDonald (Egmont):** Very good; thank you.

**The Chairman:** Are there any further questions, then, to the...

**Mr. Breau:** I have just one question. There were some...

**The Chairman:** Mr. Breau, you obviously are going to have a question. Mr. Muir is going to have a question. I wonder if you would be kind enough to stand down until we have heard from Mr. Kent and the other witnesses so that we can cover ARDA and the other programs.

**Mr. Breau:** It is very short, Mr. Chairman.

**The Chairman:** Well, if I let you go, Mr. Breau, I am going to have to let Mr. Muir go.

• 1100

**Mr. Breau:** I am sorry.

**Mr. Muir (Cape Breton-The Sydneys):** On a point of order, today's meeting was advertised to deal with the Cape Breton Development Corporation and I thought we were going to deal with that on the estimates today.

**The Chairman:** Mr. Muir, we have for the last hour and a half and I have no intention of closing it now. I just ask your indulgence.

**Mr. MacDonald (Egmont):** I think perhaps it might be an imposition to tie up these men for another hour or two just to wait for perhaps five or ten minutes of questions. Could we wrap it up in five to ten minutes and then let them go and carry on with the others?

**The Chairman:** If Mr. Muir and Mr. Breau think they can wrap it up in ten or fifteen minutes, I would certainly be agreeable to going for ten minutes, five apiece.

**Mr. Muir (Cape Breton-The Sydneys):** Well, Mr. Chairman, I really do not think I could. We have these gentlemen here today and I am sure they are quite happy to express their opinions and answer questions which may obviate a lot more time in the House of Commons. For your information I would suggest that this is the first time in the history of Canada that there has been such a thing as the Cape Breton Development Corporation and I would think it is most important not only to Cape Breton and the Maritimes but to all of Canada as to how this may work out.

**The Chairman:** I could not agree with you more, Mr. Muir, and these gentlemen have

come a long way from Cape Breton to be with us, and I know how important the questions are to you. I do not want to limit your discussion and your questions but I do know that we have other gentlemen here and I know that there are other gentlemen on the Committee who have questions. I offered to have them stand by until we had heard from the other people. Mr. MacDonald has suggested 15 minutes. You quite rightly say this is not enough and therefore, I say, fine; let us hold it off until this evening. I am sure that the gentlemen from Devco are not going back today and they would be only too pleased probably to stay up for the evening meeting and we can discuss these matters for a couple of hours tonight at eight o'clock.

**Mr. Muir (Cape Breton-The Sydneys):** Why, in that period Mr. Fullerton could write another column! No, seriously, this is most important and we should go over this.

**The Chairman:** Let us hold off until eight o'clock and go over this.

**Mr. Muir (Cape Breton-The Sydneys):** But as Chairman you advertised that the meeting was going to deal with the Cape Breton Development Corporation. Unless there has been a change I have not seen any other notice.

**The Chairman:** Let us compromise. If you gentlemen will stand down for an hour we will see if we cannot hear from Dr. Weeks, Mr. Kent, Mr. Lavigne and Mr. Saumier, and as I say, in all fairness to the other members of this Committee—we do not all come from the Maritimes—I think that they should be heard and allowed to get their questions on the record.

**Mr. Muir (Cape Breton-The Sydneys):** By all means, Mr. Chairman, I am a very patient man.

**The Chairman:** All right. Thanks, Mr. Muir. Mr. Kent, would you like to join us, please?

Gentlemen, I think you all know Mr. Kent, Mr. Lavigne, Mr. Saumier and Dr. Weeks. We can get back to Devco and let us proceed with the questions immediately. I think now we can open the area to cover either ARDA, ADA or FRED. You suggested, Mr. Kent, that you were prepared to discuss NewStart.

**Mr. T. Kent (Deputy Minister, Department of Forestry and Rural Development):** Anything the Committee wishes that is in the estimates, Mr. Chairman.

**The Chairman:** I think Mr. Breau has a question.

**Mr. Breau:** There will be no statement from the witnesses first, Mr. Chairman?

**The Chairman:** I do not think so, Mr. Breau. We heard from them the other day.

• 1105

**Mr. Breau:** I do not know to whom I should address this question, perhaps to Mr. Kent or Mr. Saumier. It concerns the federal-provincial agreement which was signed with the Province of New Brunswick in 1966 in north-eastern New Brunswick which includes ARDA and FRED.

My first question is this. How do you assess the implementation of the program now after nearly two years in relation to the development of the area in general? How has it improved the social and economic, and perhaps cultural, conditions of the area?

**Mr. Kent:** I think, Mr. Chairman, I would like to ask Mr. Saumier to answer.

*[Interpretation]*

**Mr. Breau:** You may answer in French, if you want to, Mr. Saumier.

**Mr. Saumier:** Mr. Chairman, the federal-provincial agreement concerning the application of the development plan in north-eastern New-Brunswick provides that after two years, the agreement must be revised by the two governments to establish what progress has been accomplished and try to solve the problems which may have arisen in the meantime.

This revision procedure is now going on and I will go to Fredericton at the beginning of December to make official the revision procedure. We hope that the result of the analyses which have started already will allow us to come to what we might call a renegotiation of the agreement during 1969.

These are the precise steps which we have taken. Besides this general observation, Mr. Breau might like to have more details or comments.

To summarize the application of the agreement on north-eastern New-Brunswick, we may say, I believe, that this implementation was rather slow. This slowness is due to several factors. The first being the general economic level of the area: it is a fact that certain industrial developments which seemed extremely probable when the agreement was



negotiated and which, therefore, offered the possibility of creating employment necessary for the economical upswing of the area, have not been realized at the pace that was forecast. In fact, they have been much slower.

Therefore, due to these circumstances, there was a slowing down of the various phases of the other programs since it is useless to displace people from rural to urban areas, if the urban areas do not have the required employment to satisfy the needs of these peoples. We have rejected the strategy of exporting rural poverty to towns and to transform it into urban poverty.

On the other hand, besides these economic circumstances, we have to say that the FODER agreement for the North-East of New-Brunswick represented a new kind of initiative for both the federal and provincial government. This agreement was the first of its kind. Neither the provincial government, nor ourselves had really any experience to guide us regarding the kind of procedure to be applied. This lack of experience was obviously felt.

Certain, I should not say mistakes, but certain difficulties stemmed precisely from the fact that this was the first federal-provincial agreement. We have, since then, benefitted from this experience in negotiating agreements for the Interlake area, and for the Gaspé area, for instance, which are, I think, superior to that for the north-east of New Brunswick. We hope that one of the results of the revision procedure now going on, shall be precisely to allow us to apply to the area of north-eastern New Brunswick the results of our experiences both in the north-east and in the other FODER areas throughout the country.

● 1110

**Mr. Breau:** Mr. Saumier, would you say that when the plan was conceived, it was done so especially in terms of a specific industry or a specific objective and not in terms of the general population? In your opinion, could there have been an error in the planning?

**Mr. Saumier:** Do you mean because the population was not sufficiently consulted, for example?

**Mr. Breau:** Not necessarily. You have mentioned for instance, that the industrial center is very promising at the present time. Could it be that certain industries did not come into being because the plan was con-

ceived too much in function of these industries and industrial centres, to the detriment of the sound economic condition of the general population?

**Mr. Saumier:** I would not necessarily say, Mr. Chairman, that the plan was conceived in function of the development of these industries. I would see the problem in the following way: it is an area where the income is very low, and where the possibilities of agricultural development are very weak. We, therefore, have to fall back on the manufacturing sector. Therefore, when we try to put forth a long term strategy, for ten years for example, we must make certain predictions on the possible evolution of the manufacturing sector in order to be able to estimate the number of jobs which might be created in this area of industrial development. These predictions, like all predictions, are of course uncertain. Unfortunately, otherwise, we would have far less problems than we have.

In fact, with regard to northeastern New Brunswick, the pace of development, especially that of the industries around Belleville, during the first two years of the plan, has been slower than expected. This pace of development is not affected by the plan itself, since the plan does not provide any special investments in the industrial sector. It has been slower than expected due to factors of an essentially international nature, and international markets, which does not mean that this pace will not accelerate in future, to achieve the same effect as originally expected. And the consequences of this slowing down process was, as I said a moment ago, that the rapidity of displacement of rural populations towards the towns, has had to be slowed down. As industrial development will return to its normal pace, this displacement of the rural population towards the prosperous urban areas will be accelerated accordingly, so that in the end, the expected balance will, so it seems, have good chances of being realized.

**Mr. Breau:** Thank you. In your revision which, I believe, is to be completed in July 1969, the participation of the population will no doubt be important. I probably do not have to remind you of the difficulties arising from the participation of the population. Do you have an efficient mechanism to keep in contact with the population? You also are no doubt aware of the statements made last spring or during last summer by supposed representatives of the population. I can assure



you that these statements were not always the unanimous opinion of the population. Do you have an efficient mechanism, right now, to carry on a dialogue with the population, during your revision and, obviously, also during other programs and developments? How do you assess your mechanism?

• 1115

**Mr. Saumier:** The mechanism of participation of the population for the implementation of the plan is, as you know, explained in the agreement itself. Basically, there are two bodies, the Conseil régional d'aménagement du Nord and the Northern Region Development Council.

If they accept to dialogue, we shall be happy. Of course, they must specify how they intend to carry on this dialogue, first, within their own structure to insure that the views that they will express really represent those of the population and then, what sort of mechanism they would like to set up to see to it that the views of the population will be effectively transmitted or put forward in time, and under an appropriate form, to the provincial and federal bodies which deal ex officio with the revision of the agreement.

As I said earlier, one of the fundamentals of the philosophy of participation is that participation is the concern of the population. We are trying to make this possible financially, but it is up to the representative bodies to decide how they intend to launch this process, how they intend to maintain it how they want to carry on a dialogue with the population. The mechanisms that these bodies will create for this purpose must be selected by them. It nevertheless remains that we are always ready, and I have said it myself to the ex-president of the CRAN, we are ready to meet the representatives of these bodies anytime, anywhere. We have in Bathurst, where the headquarters of the two bodies are located, a permanent federal administrator who is a senior official. There is also a provincial representative in Bathurst who is responsible for the provincial participation in the plan. These two people are in Bathurst precisely because we wanted them to be able to dialogue as much as possible with the population. If these bodies, for reasons whose validity I do not want to judge, refuse to dialogue, this is their right and their privilege and we wish to respect this privilege. These two bodies are financed by virtue of the agreement and have a total annual budget of \$100,-

000. We have adopted a very clear and very firm attitude towards them. It is the following: this subsidy of \$100,000 is granted to these two bodies without any conditions being attached. This subsidy is handed to them and they are free to use it to do whatever they want, as they see fit. This is one of the fundamentals of the philosophy of participation in which we firmly believe and which is implemented in all the FODER areas where similar bodies exist. Therefore, it is not up to the federal government to tell either the CRAN or the NRDC how they should participate in the revision procedure of the agreement.

Of course, these are very difficult questions. The problem of participation is basic to all democratic society. I do not believe that we can say that it has been solved effectively and satisfactorily in whatever country in the world you think of. Problems exist, but I wish to emphasize that, from our point of view, we believe that we have made available to the population sufficient monies to allow it to organize itself as it sees fit. On the other hand, we believe that we are completely at their disposal to launch with them, when and how they see fit, the process of participation and discussion that they will judge necessary themselves.

**Mr. Breau:** Thank you. I have some other questions, but I do not want to take up all of the Committee's time. Just one other one. In the economic development of an area such as North-eastern New Brunswick, the various industries obviously have to be stimulated. Your ADA program is definitely intended to stimulate industry in order to create employment. A lot of efforts have been devoted in this field by New Brunswick. A new Department for economic development was set up one year or eighteen months ago. What guarantee do you have that your efforts fit in with those of the province of New Brunswick, because if they do not, the efforts of the province will be of no use at all. What guarantee is there on the basis of the structure of the agreement or perhaps of your plans, that the efforts on both sides are directed towards a single objective? Or perhaps towards several objectives which converge towards a same final goal?

• 1120

[English]

**Mr. Tom Kent (Deputy Minister, Department of Forestry and Rural Development):** Perhaps I should comment a little on that, Mr. Chairman. There has been in the past an

attempt at co-ordination, where there were federal programs by different agencies that were related. This was true, for example, as between ARDA and FRED on the one side and the Atlantic Development Board on the other. The ADA program, as it operates under the present legislation, is of course not a program of the same nature in the sense that it is a responsive program. Certain criteria are laid down as to areas in which incentives are given and then, if a firm qualifies according to those criteria in an area, the response is automatic. They get certain development grants which would not be available to them in another area.

ADA, as it has operated, in other words, the industrial incentives, have not been a part of this type of planning of an economic development, where the legislation was not designed to do that. However, where there is a FRED program, or where Devco operates of course, there has been this co-operation in the sense that additional industrial incentives, if they are required, can be built on top of the ADA incentives.

**Mr. Breau:** Excuse me, if I had known that you were going to answer this, I would have put it in English. I do not think that you understood the question.

The ADA program itself, what guarantee have you that it is consistent with the efforts of the economic growth department of New Brunswick, as far as industrial incentives are concerned?

**Mr. Kent:** I was coming to the provincial side. I think we have to talk about it first in terms of the planning process. Provincially, there is no guarantee of consistency under the present program. I think we have to recognize that quite frankly. In practice there always has been close liaison and consultation. Mr. Lavigne may like to say something about this. However, we have to recognize that there is no guarantee of it under the present program.

As you know, the Minister has said that the intention is to revise the area development incentives program in new legislation next year. The major conflict between provincial policies in New Brunswick and in Nova Scotia on the one side, and the ADA program on the other was the non-designation, as you know, of Saint John, Fredericton, and Halifax-Dartmouth. The Minister has already announced the correction of that, and he has also announced that there will be new legisla-

tion, by which the policy will be changed, and I think he has made it quite clear in what he said to the Committee the other day that one of the points of that revision would be to ensure that the industrial incentives provided by the federal government in future operate within a framework of a development strategy agreed with the province concerned.

• 1125

**The Chairman:** Mr. Cyr, do you have a question?

**Mr. Cyr:** Yes. My question is with regard to regional development in the Lower St. Lawrence and the Gaspé area. The agreement which was signed in June, in Rimouski, provides for a staff to "coordinate" the agreement, and an administrator. I would like to know if the administrator of the plan appointed by the government of Canada, has a sufficient staff, or is recruiting limited by the job freeze in the public service?

**Mr. Saumier:** With regard to the necessary staff for the office of the plan's federal administrator, the Department has been favourably treated by the Treasury Board which has enabled us to staff this office despite the freeze in the public service.

**Mr. Cyr:** How many people do you have on the spot, there where you have offices, in Gaspé and the Lower St. Lawrence, or in Montreal or Quebec city?

**Mr. Saumier:** The federal structure for carrying out the plan which is under the control of the federal administrator, has two offices. The first one is in Quebec city and this is the federal administrator's main office. The second one is in Rimouski which as you know, is the seat of the regional administrative conference. The latter regroups the representatives of various provincial Departments concerned in this area. The provincial director of the plan also has a delegate in Rimouski, who is the secretary of the regional administrative conference. So we have a structure that is parallel to the provincial structure and this was done with mutual consent. In Rimouski, we now have one full time official who is the delegate of the federal administrator. In Quebec city, we have the federal administrator who, at the present time, is assisted by an economist, a manpower advisor who has been loaned to us by the federal Department of Manpower and Immigration, an agricultural advisor loaned to us by the federal Department of Agricul-



ture, and by a fisheries advisor who will be loaned to us shortly by the federal Fisheries Department. In Quebec City, we also have an Information Officer supplied by the Department. Very soon—it depends on the availability of the staff not on the availability of positions—the team will also have a man in charge of information who duty will be to work in close cooperation with the provincial services to collect the quantitative data necessary for supervision the evaluating the plan. Roughly speaking, this is the staff we have there at the present time. I apologize there is, of course, the office staff for these people

**Mr. Cyr:** Under section 3 of the Agreement, in the subsections dealing with recreation and tourism, provision was made for the development of a national park at Pointe Forillon with a 99 year lease.

In the present agreement, provision is made for Quebec to undertake to buy the land and then lease it free of charge to the government of Canada, for a period of time and under conditions acceptable to both parties. Would you tell us how is that in this agreement, the number of years or the length of the lease has not been indicated.

• 1130

**Mr. Saumier:** The reason is a very simple one. It is because the agreement does not try to set out in fine detail all the terms of the program. We try rather to give the Broad lines while leaving it up to the Departments concerned in Ottawa and Quebec, to work out the details of each project.

With regard to the national park suggested for the Forillon peninsula, knowing whether it was necessary to have a 99 year-lease, or a lease for 1,000, 10 or 20 years, is a technical matter which has nothing to do with the fundamental points of the agreement. What the agreement provides for, is done so because this can serve as a basis for development of the area. The need for a park is recognized by the agreement which provides for its creation. The Federal and Provincial governments have agreed on the need and the advisability of setting up this park. With regard to the technical details concerning the lay-out, the exact area of the park, the way it will be developed, the way it will be managed, and, in particular, in the case with which you are concerned, the exact type of lease, its length, its legal conditions, they are considered and rightly so, I think, falling mainly under the responsibility of the technicians of both par-

ties rather than depending from agreements between the two governments. And that is why this matter has been left aside in the official text of the document.

**Mr. Cyr:** Just a short question: I would like to ask the witness if the Department is satisfied with the relations between Quebec and Ottawa with regard to the application of the plan, and if they think the work is going ahead as foreseen when the agreement was signed? Do you think there are delays at the present time, or do you think that this entire process is normal? So far, nothing has really been begun in the area. Do you think that things are going to get underway soon or will it take some years before we begin to get results?

**Mr. Saumier:** To answer your two questions: first of all, as far as we are concerned, relations between the Federal government and the Quebec provincial government, with regard to the implementation of the Plan, are excellent. I am very pleased to point this out to the committee. They are excellent in every respect.

Second question: in my opinion, there are no delays in the implementation of the plan. This does not mean to say that the Plan is going ahead at maximum speed, the way it might be. Anyhow, it was to be expected that, for the first year, a certain number of structures would have to be set up, a certain number of very complex procedures would have to be studied and also set up. These stages have now nearly all been accomplished. These are necessary and inevitable stages, the value of which will make it possible to speed up future progress, and accelerate the pace of implementation of the Plan. These stages have been achieved at a reasonable rate, and I think that next year we shall begin to see the results of this work.

I would like to draw the attention of the Committee, Mr. Chairman, to the fact that important sums of money—more than 5 million dollars—have been granted by the federal government for the carrying out of the various programs of the plan. Thus, things are being done in the region. On the other hand, with regard to the implementation of the programs, a certain number of legislative provisions have to be taken by the Quebec government before some programs can be carried out. And, until these legislative measures have been taken, progress will be slowed down to some extent. For example, the setting up of a land bank. It seems to me that



within the present structures of the provincial government, it is not possible to regroup the land. This could only be done through a land bank, providing certain provincial legislative measures are amended. If this happens within reasonable time, this program will be able to go ahead. If, for various reasons, the amendments are not brought to these measures, we will have to study the matter together to see if there are not other ways we could use to get the same results. This would inevitably lead to a certain amount of delay.

• 1135

**Mr. Cyr:** So, you consider that we are still going ahead rather slowly at the present time, and that we might switch into second gear in the beginning of 1969.

**Mr. Saumier:** When you have a car carrying a load of 300 million dollars and a population numbering 300,000, you cannot drive uphill quite as quickly as you would like.

**Mr. Cyr:** Thank you.

[English]

**The Chairman:** Mr. MacDonald?

**Mr. MacDonald (Egmont):** Before I proceed perhaps I could ask two questions more or less relating to procedure.

First of all, and I do not mean this to be a criticism, I think it is important that we try to publish our Committee reports as quickly as possible. We really have only had the first one so far, the one that set up and tabled the Estimates.

Can the Clerk advise us when we will begin to get the rest of them? I know that the number of committees sitting presents problems, but I think it is important that we get them fairly soon.

**The Chairman:** Mr. MacDonald, the Clerk informs me that because of the intensity of committee work the reports are not yet up to the Branch. When they are, of course, that will take care of Thursday's and Friday's meetings.

**Mr. MacDonald (Egmont):** Up to the Branch; you mean downstairs?

**The Chairman:** That is right.

**Mr. MacDonald (Egmont):** I see, so the problem is not with the Printing Bureau, but is an internal one relative to having enough people to process all the evidence.

Secondly, in the last few days I have been trying, through the Department, to gather together the various copies of the Acts with the amendments we have made relating to, I think it is, the nine major programs that are under the Department, plus the departmental regulations. This I think would be useful to us in a broad consideration, at the moment, of at least the situation that exists in the Department.

Perhaps I am directing this more to the Deputy Minister than to yourself, as Chairman. Would it be possible, Mr. Kent, to make such a body of material available to the members of this Committee? A number of members—I suppose almost half, or more—are new and were perhaps not even here when much of this legislation was enacted. It would be very useful to our understanding of the workings of these various programs.

**Mr. Kent:** Yes, certainly, Mr. Chairman, we could send to the Chairman, or to the Clerk, copies of all the legislation and of the regulations under the legislation.

**The Chairman:** I imagine this is being done. I remember Mr. Blake being asked about this at the first meeting. Was the Committee not going to get some package information?

**Mr. E. G. Blake (Director, Finance and Administration Division, Department of Forestry and Rural Development):** I do not recall that particular item, Mr. Chairman. There were specific questions.

**The Chairman:** That is correct.

**Mr. Blake:** There were some specific questions, the answers to which have since been tabled with the Clerk. However, we have just recently compiled all of the legislation relevant to the new Department index and we are just putting it together now. We would be most happy to make it available to members of the Committee.

**The Chairman:** Thank you, Mr. Blake.

**Mr. MacDonald (Egmont):** If I may move on to a few questions of substance, I would like to ask, first of all, about the Task Force that was set up to make a comprehensive report, and presumably a series of recommendations, on the nine Eastern counties in Nova Scotia. I believe that that document was received sometime ago in fact, if my memory serves me correctly, last spring. I do not recall its being published, although anything

could have happened between the end of April and the end of June when most of us were preoccupied. What has happened to that report and its recommendations? Many great things were forecast of this report?

• 1140

**Mr. Kent:** You are referring to FRED?

**Mr. MacDonald (Egmont):** Yes.

**Mr. Kent:** I will ask Mr. Saumier to reply.

**Mr. Saumier:** Mr. Chairman, the answer to this question is a very simple one. There has, in fact, been no publication of this report.

The technical reason for this—and there are substantive reasons, also—is that there was an agreement between us and the provincial government not to publish this report until such time as both parties felt that it was the proper year to do so.

The Government of Nova Scotia does not yet feel that it is the proper year to publish this report. That, it is the very simple reason for the report's not having been made public.

**Mr. MacDonald (Egmont):** Has the federal government any objections to the publishing of the document?

**Mr. Saumier:** The objections we have, if I could so call them, are not objections of principle but are what I might call objections of opportunity. By this I mean that there is little point, in my opinion, in publishing a report of that type unless there is the possibility of a fairly rapid follow-up upon the recommendations it contains.

These possibilities, in the case of the nine north eastern counties of Nova Scotia, are not at hand, and it is our opinion that because of that circumstance, publishing the report might do more harm than good by stirring up certain expectations that could not be fulfilled within the fairly near future.

**Mr. MacDonald (Egmont):** In my opinion, the purpose of making the report in the first place would be to set the stage for, and perhaps bring into focus, the kind of developmental program that would be established in that area. Is that whole possibility now in a state of suspended animation? What is being done with the report and with the development plan for that particular region?

**Mr. Kent:** Mr. Chairman, this was a research project on behalf of the two governments to investigate the development possibilities of that area.

I think it would be a fair statement of the point of view both of the provincial government and of the federal government equally that before either could take a view on the feasibility, and relative priority compared with other things, of the development possibilities in that area we would have to work together to reach a more general understanding of the priorities for the development of Nova Scotia as a whole.

That is the process we hope to use, in general terms; not by an elaborate research project but by a general approach, so that we can have an idea of the degree of priority which should be attached to the nine counties studied.

**Mr. MacDonald (Egmont):** How is that being done? Can you be more specific? Is some machinery now in operation to facilitate this?

**Mr. Kent:** At this stage it is an informal machinery, involving consultations both at the ministerial and official levels.

I think both parties are handicapped at this stage by the fact that the creation of the type of staff to do this work is at a fairly early stage on both sides.

The new Department does not exist properly yet; and Nova Scotia has only recently begun to establish a Cabinet Committee and machinery staff structure for this. But we are in as close consultation as the few people concerned at the moment can be, and we expect to develop sort of detailed working arrangements within a matter of a month or two. Obviously, I cannot be more specific than that at this stage in the development of the Department.

**Mr. MacDonald (Egmont):** Obviously there has been a staff, to develop the report. Are the personnel of that staff in some way involved in what is being done at this point, or...

**Mr. Kent:** That, of course, was a specific research study done in detail in the field. Of course, on our side we have Mr. Saumier in the Rural Development Branch, and they are certainly involved.

• 1145

**Mr. Saumier:** May I add, Mr. Chairman, that one of the main recommendations of the report was that an adequate provincial planning and programming structure should be created in Nova Scotia. This recommendation



has in fact been implemented by Nova Scotia, and some months ago they created an agency called the Program Development Agency which in a way I regret to say is headed by our former chief economist in the Rural Development Branch. I mention that to indicate that we have gone to some length in trying to create an institution in Nova Scotia where the work can proceed. As far as the research job was concerned it was done in large part by consultants, with the help of certain provincial staff, and this provincial staff is now involved with the Program Development Agency in further work. I might add that one of the main conclusions of the report was that the problems of the nine eastern counties could not be resolved within those counties and therefore a broader framework was necessary. Now that certain institutions have been created both federally and provincially it is possible to establish this broader framework. It was not easy to do this before.

**Mr. MacDonald (Egmont):** You are saying in effect, then, that the development of some over-all plan will probably include all of Nova Scotia and not just a significant part of it?

**Mr. Kent:** I think when you say an over-all plan for an area as large as Nova Scotia, perhaps one is really talking more about a strategy to be followed by detailed plans for particular segments and areas. With that reservation, the answer is yes.

**Mr. MacDonald (Egmont):** Was the impetus for going beyond the original nine county proposition basically a federal or a provincial one?

**Mr. Kent:** I think it was mutual.

**Mr. MacDonald (Egmont):** I just have one final question and then I want to deal with Prince Edward Island. People might think I have become transplanted here.

**The Chairman:** You want to put that cause-way up in a hurry!

**Mr. MacDonald (Egmont):** In view of the fact that in the area in which you were involved in the nine county plan there was a great deal of public participation—and particularly flowing out of the Antigonish movement—I wonder if any serious thought has been given to publication of parts of the report that might be useful to stipulate a wider participation, and I refer here to beyond the area of the federal and provincial govern-

ments, in the eventual evolution for a strategy and the participation of a strategy that will be effective?

**Mr. Kent:** I do not think any such consideration has been given to partial publication but it certainly is something that perhaps should be thought about and with the required consultation with the provinces.

**Mr. MacDonald (Egmont):** Surely. Thank you.

I would now like to take off my Nova Scotia hat and put on my Prince Edward Island hat. Of course, I have been extremely interested in the comprehensive development plan for Prince Edward Island. I am afraid, the sin which has been committed in the development of this plan has been committed in far too many government undertakings. This is not meant to be a criticism of any of the people appearing before us, it is just a general criticism. I think we tend to over-advertise our wares before we get projects going. In Prince Edward Island there has been a long history of forecasting great plans that in most cases have fallen through. I really wonder what we can look forward to by way of implementation of a plan for Prince Edward Island that has now been on the verge of being signed for almost a year. The kind of answer we have been getting for quite some time is, "As soon as possible, as soon as possible". I wonder if the representatives here today could possibly be a little more specific about the implementation of the plan for Prince Edward Island.

**Mr. Kent:** Mr. Chairman, I do not think I can be more specific than the Minister has already been. As you know, he has said publicly that he expects to have the plan finalized and implementation begun before the end of the year—I think that was the phrase he used—or by the end of the year.

**Mr. MacDonald (Egmont):** He has said that in both speeches he has made, yes.

**Mr. Kent:** That is how things stand.

**Mr. MacDonald (Egmont):** One of the unusual situations in this as compared with the one just discussed in Nova Scotia is that a very elaborate plan was drafted by Acres Atlantic Ltd. costing I think, well over \$300,000. This appeared in 12 volumes. At least it was paid for with federal money. I assume in the first instance that it was sponsored by both the federal and provincial governments.



However, I understand that plan was never really accepted. It was perhaps considered not to be a really very worthwhile series of proposals. Is that correct?

**Mr. Kent:** I think I should ask Mr. Saumier, who is more familiar than anyone else with the early history of this, to reply to your question.

**Mr. Saumier:** I am sorry, Mr. Chairman, if the shaking of my head led you to believe that we did not in fact pay for this exercise. We did. We did not pay for all of it, but we paid for a substantial share of it. However, it should be quite clear that what the Acres company was supposed to do, and did in fact carry out, was not the preparation of the plans but the preparation of a number of studies to identify problems. Once the problems are identified it then becomes possible to develop certain strategies which hopefully will solve the problems.

By and large the identification of problems is a fairly easy and ready process. On the other hand, the development of a strategy to overcome these problems is very complex because it has to take into account what is possible now and what the available programs and instruments are in the same situation. The last step, which is even more complex than the previous two, is that once the strategy has been developed, a number of specific programs have to be prepared in turn to implement that strategy. The program development and preparation phase is one which is obviously tedious and time-consuming up to the point when this phase is effectively completed. However, the implementation of the program can start almost immediately after the agreement is signed. If for various reasons the program development stage has not been carried through completely, this means that after the agreement is signed some time must be spent while these programs are prepared in almost final detail. In the case of P.E.I., we have in fact gone through the research phase, the problem identification phase, the strategy definition phase and the program preparation phase, which means that once the agreement is signed—and our Minister has indicated some time horizons on this—the implementation will be able to proceed very quickly indeed.

**Mr. MacDonald (Egmont):** Will people be involved in this?

**Mr. Saumier:** They have, Mr. Chairman. They will, but I must stress that they have to a very considerable extent.

**Mr. MacDonald (Egmont):** In what way?

**Mr. Saumier:** They have been involved through local organizations, such as the Chamber of Commerce, the 4-H Club, and so forth. We have sponsored the creation of a new organization called the Rural Development Council, which has been active in P.E.I. for a number of years. All of these organizations have played a very active part in not only the development of the over-all approach but in many cases in the preparation of specific programs which affect their members. Therefore in a number of areas the population that will be involved in specific projects is alerted and they are ready to go. The moment the agreement is signed and the money becomes available these people will be ready to move almost the next day with plans and projects which have been thought through and can very readily be implemented.

**Mr. MacDonald (Egmont):** This will come as a great surprise to the majority of the population of Prince Edward Island, Mr. Saumier. With all due respect to you, I would say that the greatest weakness to date in the plan has been the lack of accurate information and available participation. I agree with you that a small group has been able to participate through the Rural Development Council, but to say the least the over-all participation has been minimal or, in fact, non-existent.

I would now like to ask a question which is related to what seems to be the particular fear of Prince Edward Island at the moment; that somehow or other there is going to be a trading-off process and that, in terms of the future construction of a causeway crossing, it will either be that or a development plan, but not both. Is the consideration that is being given to this at the moment that only one of these things can happen because of the expense that will quite probably be involved in these projects?

• 1155

**Mr. Kent:** No, that has never been the spirit in which the federal and provincial governments have worked together in the preparation of this plan. We have throughout regarded the causeway or the improved ferry service issue as an entirely separate problem to be settled in terms of transportation. A development plan will be necessary no matter

which way transportation between the mainland and Prince Edward Island is improved. Clearly the timing of what things are done first, and so on, would be different in the two situations. When a development plan is undertaken for a period, certainly for some years transportation is bound to be by ferry or because of the time of the construction of the causeway, in any case. If and when it were known that the construction of the causeway was going to go ahead at a certain rate and would be completed by a certain date, then some provision for a development plan which is prepared in relation to the ferry service would be necessary, but that is all. They are not alternatives; they are interrelated to that extent, but only to that extent.

**Mr. MacDonald (Egmont):** Is it within the scope of the plan to incorporate the concept of a crossing within the next ten year period or has it simply accepted the transportation facilities that are presently available?

**Mr. Kent:** The detailed planning is not done on the basis of the transportation facilities presently available because they would clearly be inadequate as the plan proceeded. It is being based on the assumption that the transportation facilities will be improved at a pace which will enable the benefits of the plan to be realized but without assuming whether that means a much improved ferry service or a causeway. Because of the very direct impact of the construction of a causeway, clearly some adaptation or changes in timing, and so on, in various parts of the plan would be necessary to adjust to a causeway, but that could be done without too much difficulty.

**Mr. MacDonald (Egmont):** You are saying for the plan to be successful great improvements will have to be made in the transportation picture, and whether eventually there will be a solid link or a great improvement in the ferry operation, they are both expensive propositions. I guess I had better pass because I know there are other questions. There are many further questions I would like to ask, particularly on the plan, but I am sure I will have another opportunity.

**Mr. Gibson:** Mr. Kent, at page 38 of the Atlantic Development Board report there is a heading "Fund for Pollution Control". I am very concerned about this topic. I hope you will forgive me for launching into it. I do not intend to take up much time of the Committee on it. On that page there is a reference to

the committee for pollution control, and it reads:

Membership on the committee includes a representative from each provincial Water Authority, the Board and the federal Departments of Fisheries, National Health and Welfare, and Energy, Mines and Resources.

By the end of 1967-68, only two payments had been made from the anti-pollution fund. The first of these was to a New Brunswick meat packing firm; the second to a Prince Edward Island creamery. A number of other applications have been made in respect of pollution control programs underway by various firms.

These industries that your department is capably and energetically starting are doing a great amount of good in the Maritimes generally. However, would your whole program be strengthened if we had some national pollution authority of some kind which could tie together these diverse groups that have various degrees of partial control over pollution? Do you think if we had national regulations to control the spread of pollution that this would assist the operations of your plan?

**Mr. Keni:** There is no doubt at all that more effective co-ordination of anti-pollution measures would be of great assistance in every type of development. As to the machinery by which that should be achieved, frankly I do not feel that I am expert enough to express an opinion. Dr. Weeks has had a good deal of experience of this within the Atlantic Provinces context and perhaps would be prepared to say more.

#### ● 1200

**Dr. Weeks:** I think I should perhaps call attention to the fact that when we looked at the pollution problem in the first place, the principal concern that we were up against was the Saint John River which, as you know, is rather badly polluted from Edmundston right down. We recognized that we were pioneering in this field. We set up this fund which, in itself, is not a very large Fund. It was set up on the principle that we should assist, under a certain formula which I need not go into in detail. This formula was related to B.O.D., biochemical oxygen demand and the situation was based on the principle that once a firm had succeeded in reducing its pollution, its B.O.D. content factor, to a certain percentage, then we would make a payment but this was after they had proven that they had accomplished their end.



One reason why more money has not been spent has been the fact that for the companies to undertake the various measures necessary involved certain outlays on their part. This is related to certain assistance, too, which they could get under arrangements that were made by the Department of National Revenue for writing off costs of pollution equipment.

All this has taken quite a lot of time. The biggest element which we had expected in this field, and I think it is an element which is in progress, is the improvement of the situation at Edmundston where we are expecting that we will be called upon to make major payments. Another one was at Florenceville in connection with the McCain operation. That, I believe, is well under way now and I know that negotiations, as far as Edmundston is concerned, are going ahead quite well too. That explains, in a sense, why more money has not been spent. . .

**Mr. Gibson:** I am not so concerned about the money spent so much as the planning in this area. When you start a new industry are there strict pollution regulations tied up in this. . .

**Dr. Weeks:** Yes. Let me come on to this point: there were two elements in this whole picture, first the situation of new firms coming in under the regulations that have been made by the water authorities of all provinces, and I may say that the Atlantic Development Board took a great deal of initiative in encouraging the development of water authorities in both the provinces of Newfoundland and Prince Edward Island. There were already water authorities in New Brunswick and in Nova Scotia. The regulations in all four provinces are firm and full of considerable teeth as far as new firms are concerned, but you are up against the problem of, what about the old firms, the ones that had gone in under a different set of circumstances? Our assistance was to be confined entirely to the old firms.

**Mr. Gibson:** There are really strict regulations for ones, are there?

**Dr. Weeks:** That is right.

**Mr. Gibson:** Going into that a little deeper, if I may for a moment, is it possible for this Committee to see those regulations?

**Dr. Weeks:** These are provincial regulations. I see no reason why the provinces would not make these available or we could get copies.

**Mr. Gibson:** I do not think it is necessary, but it is controlled by the provinces?

**Dr. Weeks:** It is controlled entirely by the provincial water authorities.

**Mr. Gibson:** Thank you, very much.

**Dr. Weeks:** If you wish us to obtain from the provinces copies of their regulations, I am sure we can do so.

**Mr. Gibson:** If you are satisfied that things are. . .

**Dr. Weeks:** Yes, there is no doubt. The law provides the teeth. Now, the point of course is that it is up to the provinces how sharp they make the teeth and how much they make the teeth bite.

**Mr. Gibson:** I have another question, sir. I notice that a great deal of work has been done in developing parks in the Maritimes, I am wondering in implementing the whole plan who controls the restaurant facilities for tourists, and so on, to encourage the tourist industry to develop?

**Dr. Weeks:** We have not gone into this aspect at all. Perhaps you could define what you mean. Are you considering industrial parks or. . .

**Mr. Gibson:** I am thinking more of tourist recreation.

**Dr. Weeks:** This is not a field in which we have been involved.

**Mr. Gibson:** I see. You have been just going on. . .

**Dr. Weeks:** We have considered right from the outset that pending longer term over-all developments we should provide as well as we could the setting for industry, and one of the elements in that setting we considered to be industrial parks which, as I mentioned in my previous appearance before the Committee, has always involved sharing with the local people.

**Mr. Gibson:** Thank you, sir.

**Mr. Stewart (Marquette):** Mr. Chairman, I would like to direct my question to Mr. Kent. Due to the concern at the present time in Western Canada, what is the future of PFRA?

• 1205

**Mr. Kent:** I am not quite sure in what sense you ask that. The PFRA is now operating under the responsibility of the Depart-



ment of Forestry and Rural Development. There have been no changes in policy so far as PFRA is concerned and none are at present contemplated.

**Mr. Stewart (Marquette):** The rumours we hear, then, that this program might be discontinued are false?

**Mr. Kent:** There has been no consideration of that.

**Mr. Stewart (Marquette):** They have a very competent staff in Western Canada at the present time. Are they being utilized by the whole Department? They have the most efficient staff in the whole program out there, and this is why I wondered if this staff is being used to...

**Mr. Kent:** The engineering staff particularly of PFRA is, I think everyone agrees, quite outstanding. The main utilization of it outside PFRA concerns as such so far by the federal Government has been to provide quite important assistance to various international development projects. PFRA, for some years, has provided some very valuable services for that purpose.

The PFRA staff has not been used otherwise in the Department outside of Western Canada. It has, as I am sure you know, Mr. Stewart, done some work in British Columbia which is not strictly within its responsibilities but otherwise it has not been used outside, frankly, because it is fully engaged in providing all that is available under the PFRA legislation.

**Mr. Stewart (Marquette):** Then there is no danger of this engineering staff being taken over by some other department in the future. It will be left with PFRA for...

**Mr. Kent:** Well, I certainly hope there is not. It would be a terrible loss to the Department and that has not been considered. As you know, there is a great concern—and perhaps this is what gives rise to some rumours—that there be a full coordination of overall water policy which is the concern of the Department of Energy, Mines and Resources with provincial water policies and PFRA, of course, is the specialized agency for, to a considerable degree, the water policy of the federal government on the Prairies, but that is all. It is a matter of co-ordination, not of disruption or disbandment or anything like that.

**Mr. Stewart (Marquette):** Well, there has been some uncertainty out West and that is why I asked the question. I would like to ask another question and it is more or less a general opinion that I want, but there is something that bothers me. I will use an example. There is rumoured talk of the closing of the Canadian Forces Base at Rivers, Manitoba. Here is the major industry of that whole area and while your Department is spending hundreds of thousands of dollars to bring industry in and develop this area, another department is talking of removing the major industry of the whole area. What is your feeling on this?

**Mr. Kent:** Well, clearly, the new Department has to be concerned with the impacts of changes of that kind when they are under consideration before they are decided rather than after they are decided and that has taken place in this case. It was one of the first problems that was brought to us last summer when the change in the Department was begun and we have, in fact, been in close consultation with the Department of National Defence to try to estimate what the economic and social consequences would be in the areas affected by various ways in which the Department of National Defence might effect economies.

The problem, if there are economies that have to be effected, is how can it be done in a way which is most economic from the Defence point of view but, at the same time, produces as little economic and social disturbance as possible. We have set up arrangements to begin to work with the Department of National Defence to look at the problems in those terms before any decisions are made.

This is a complicated area and it is going to be a little while before we have the staff familiar with this sort of problem to enable us to do as good a job as I hope we will be able to do eventually, but we have already begun it. I believe in a number of places at the moment there are rumours of Canadian Forces bases being considered for closure, and we have set up arrangements with the Department of National Defence to look at all those cases with them.

**Mr. Stewart (Marquette):** Do you mean, then, that there will be full consultation with your Department before any announcements are made concerning the closing of these bases?

**Mr. Kent:** Yes.

**Mr. Stewart (Marquette):** Very good. I have a final question. How often is a review made of the designated areas?

**Mr. Kent:** Reviews in the past have been made once a year and there was a review late this summer. We are not contemplating another review of the areas designated as they are now because, as the Minister has said, we hope to have new legislation next year which will make some changes in the whole program, but the last review of designations within the framework of the present program was carried out in August or September.

**Mr. Stewart (Marquette):** I see.

**Mr. Kent:** We hope that by the time the next review would normally be due, next August or September, we will, in fact, perhaps have somewhat different legislation within which we will be working.

**Mr. MacDonald (Egmont):** May I ask a supplementary on that? The areas announced, Saint John, Fredericton, Halifax, Dartmouth, in September; are they now in operation?

• 1210

**Mr. Kent:** They are being brought into formal operation. It depends on the legislation which we hope will be passed before too long, the Organization Act, setting up the new Department and making the other organizational changes that were announced in the summer, because that legislation will change the authority under which designation takes place.

Designation at the moment takes place under the authority of Part II of the Department of Industry Act. It is then the Area Development Incentives Act that provides the program but, the designation of areas is under the authority of Part II of the Department of Industry Act. That will be replaced by the Organization Act for the new Department and the Minister announced, you will remember, that in the new Act it was intended to provide that an area could be designated not only on the basis of employment conditions in the area itself but also on employment conditions in the region of which that area is a part.

Once an announcement of that kind has been made, obviously it would be unfair to hold up developments in the sense of telling firms that we can only consider their proposal "X" months from now. Therefore, if applica-

tions are made, Mr. Lavigne is now examining them on the same basis as he would when the areas are designated so that if and when the legislation is changed in that way we would be in a position to proceed immediately with those applications.

**Mr. MacDonald (Egmont):** What you are saying in short form is that these areas have not become operational and will not until the new legislation is actually on the books.

**Mr. Kent:** That is right, but the way we are handling it, we hope we are avoiding any ill consequences from that delay.

**The Chairman:** Mr. Lessard?

[Interpretation]

**Mr. Lessard (Lac-Saint-Jean):** Mr. Chairman, Mr. Lavigne has been quiet since the beginning and I would like to give him a chance to join in the discussion. Mr. Lavigne, the Company St. Raymond Paper, at Desbiens, in St. John Lake area, announced the close down at the beginning of March. It is a plant which is unproductive because of its obsolete equipment. I heard that this company had applied for assistance to the Government to your section, under bill C-129, in order to modernize its plant, a year or two ago.

• 1215

Is this the case that St. Raymond Paper applied for a grant to modernize its equipment and what stand did your agency take?

**Mr. Lavigne:** I cannot answer yes or no, Mr. Lessard, because my memory is not good enough to remember a year or two ago to say if there was an application or not. If the application were made for the modernization of the plant, we would have had to turn it down, because the program does not provide for modernization. The program provides for new equipment, the expansion of the existing installations or services, but not modernization of the equipment.

**Mr. Lessard (Lac-Saint-Jean):** But in the present case, 200 jobs are disappearing because this company claims it does not have the financial capacity required to modernize this plant; it will simply give up the operations this is announced, almost officially, for the first of March. These are 200 jobs in a municipality which will just become a ghost town, a ghost community very shortly.

Is there no chance that your department could solve this problem or help solve it?



**Mr. Lavigne:** Not for the time being.

**Mr. Lessard (Lac-Saint-Jean):** Not for the time being. Apparently, there are many applications especially in the Lake St. John area, and Alma especially, for more than a year. In one case, the question has been in abeyance for over a year. I phoned your department for certain information and I have not received this information yet. I wonder whether there is a staff shortage in your department or if there is a surplus of work accumulated recently but it seems that you are swamped. I do not know which.

**Mr. Lavigne:** We are very busy, Mr. Lessard. If you want to give me the name of the company, I will call you at your office.

**Mr. Lessard (Lac-Saint-Jean):** I would particularly like to know about the following 3 cases. What decisions were taken, I will give you three cases: Granit national à Saint-Gédéon, Alma, it is a project of one quarter of a million; the case of Léonce Bouchard & Sons, at Saint-Coeur de Marie; the case of the Cooperative agricole of Alma, which is now being built. I do not know if they had a reply yet but two weeks ago, they had not.

**Mr. Lavigne:** If you have any cases like this, would you be kind enough to call me at my office and I should give you the answer right away.

**Mr. Lessard (Lac-Saint-Jean):** I had communicated with Mr. Gagné from your department.

**Mr. Lavigne:** Yes. Mr. Gagné does not deal with all the cases that come to us. We also have other officers. It could be that this did not go through Mr. Gagné. If you want to call me at the office, I will certainly give you the information right away.

**Mr. Lessard (Lac-Saint-Jean):** Generally speaking, can you give us the distribution among the various provinces of the \$29 million dollars that I see here in the Estimates, \$29 millions which would have been given in 1967-68 by your department for industrial assistance? Could we have a break down per province?

**Mr. Lavigne:** We are preparing a detailed report per province but not by the year, because some projects take three or four years to be carried through. We would have to decide whether we should take the date of the application or the date of the commercial production. We are not concerned with the

year as such for each of the various subsidies, we can give you a report per province and even per designated area, if you want.

**Mr. Lessard (Lac-Saint-Jean):** If this would be possible, I would like to have a copy of this report. Do you make reports of this kind as matter of course or only on request?

**Mr. Lavigne:** We make one every month.

**Mr. Lessard (Lac-Saint-Jean):** Every month? Would it be possible to obtain copies of this report?

**Mr. Lavigne:** Why not?

**Mr. Lessard (Lac-Saint-Jean):** One last question and I address it to Mr. Kent. Last June the province of Quebec passed two bills, bills 23 and 24, in which they established two zones of areas for industrial assistance. In the first zone, there is a contribution of 25 per cent and in the second zone, the subsidy goes up to 40 per cent. At the federal level, do you intend to do likewise rather than making a flat grant to any designated area industry, regardless of location.

● 1220

If I were an industrialist being offered 33 per cent in St-Jérôme, in the suburbs of Montreal and 33 per cent in Alma in Lac St. Jean County I don't need to tell you what my choice would be. I believe that these standards are not fair. There should be two or three different categories of zones so that the industries can choose according to amount of subsidy. I have nothing against St-Jérôme de Terrebonne of course, or Sainte-Thérèse de Blainville, but where they are situated, right north of Montreal, they have a great advantage on areas like New Brunswick or the Lake St. John area. Is your department considering changing the criteria as far as the percentage of the subsidies granted are concerned?

[English]

**Mr. Kent:** Certainly we are all very conscious of this very definite weakness in the operation of an incentives program of this kind. In order to get the maximum development, there is no doubt at all that incentives need to be flexible in a number of ways. There is just no question about that.

On the other hand, the administrative problems involved in making them flexible are also quite great. Therefore, this is a problem which, frankly, obviously it is not in my power to answer. We are certainly considering all aspects of the program. We are consid-



ering every way we can think of in which we can make it better. It will then obviously be for the government to decide what proposals it thinks proper to put before the House of Commons, but certainly we are considering that among a great many other possible changes.

**Mr. Lessard (Lac-Saint-Jean):** Thank you very much.

**The Chairman:** Mr. Muir?

**Mr. Muir (Cape Breton-The Sydneys):** Mr. Kent, now I would like to pose one or two brief questions to you, now that I have the permission and indulgence and benevolence of the Chairman. They will not be long.

Could you explain, sir, for the benefit of myself and the Committee, the involvement of ARDA in a ski project in the Province of Quebec—where it was located, the involvement of the federal government, the involvement of the provincial government, in dollars?

**Mr. Kent:** Mr. Chairman, I apologize. I cannot do that myself but I am sure Mr. Saumier knows as much as anybody about it.

**Mr. Saumier:** I think, Mr. Chairman, that Mr. Muir is making reference to the ski project near Quebec City.

**Mr. Muir (Cape Breton-The Sydneys):** I am not sure of the name, sir. Ste-Anne de Beaupré?

**Mr. Saumier:** The only ski project in Quebec with which we have been involved is the one near Quebec City called Mont Ste-Anne.

We have been involved in recreational projects in a number of provinces from British Columbia to Nova Scotia and Prince Edward Island under ARDA. The policy under ARDA is that we get involved only in projects which are of more than local interest. In other words, we do not get involved in what one might call local amenities. This is the first prerequisite.

The second one is that these projects must not be private projects. We do not assist the provinces in making grants to private developers. This has had, in effect, the consequence of restricting recreation-oriented ARDA projects, by and large, to provincial parks because as you will recall, federal ARDA funds are contributions to provincial activities.

#### • 1225

In the case of Mont Ste-Anne, I do not recall offhand the exact amount of money but this I can provide if you would like me to, but our contribution was to acquire the land upon which, later on, the ski development was situated. And this was the extent of the ARDA contribution. This was an area of some considerable poverty where the land was being farmed with very little success and very limited prospects of income for those who were farming it, and therefore the specific program which was used there was one called alternative land use. So this land was removed from agriculture and devoted to tourism, and there was a public corporation set up which then became the owner of this land. The city of Mont Ste-Anne undertook to build certain facilities which, as a point of interest, have since been destroyed by fire. They burned down some months ago, and the province has now become the owner of the whole development and is engaged in rebuilding the facilities. But this is, in a nutshell, Mr. Chairman, the story of Mont Ste-Anne.

**Mr. Muir (Cape Breton-The Sydneys):** In the original development did the province contribute so much?

**Mr. Saumier:** Oh, yes, it certainly did. In every ARDA project there is, by and large, a 50 per cent provincial contribution.

**Mr. Muir (Cape Breton-The Sydneys):** I realize this but I just wanted to know how much, or was there a contribution?

**Mr. Saumier:** What I want to stress is that we were not, from the point of view of federal ARDA, involved in the actual building of the chalet or of the slopes or anything. We were involved only in the land acquisition process.

**Mr. Muir (Cape Breton-The Sydneys):** Under the situation that exists in Cape Breton—and I heard Mr. Ord mention this morning that he was interested in the ski development, and I know he is and that they are doing what they can—would ARDA consider going in to help them there?

**Mr. Saumier:** In theory, such developments could be considered. What we have to keep in mind is that the federal ARDA administration is not in a position to initiate projects. All projects must be initiated by the province and then submitted to us. So that any approaches must first be made to the province

concerned, which then examines this particular project in view of its own priorities. It may decide eventually to finance the project and then will come to us and ask us if we will accept to share part of the cost of this project, if the project is otherwise feasible under the ARDA agreement.

**Mr. Kent:** But if I may add just one point, Mr. Chairman, the variations in the program from province to province reflect the different views of provincial governments, the different priorities of provincial governments; not any difference of treatment on the federal side.

**Mr. Muir (Cape Breton-The Sydneys):** Fine, Mr. Kent, on that one. Maybe Mr. Kent could answer this one—I know he can. With regard to the Area Development Agency, are there any, or many firms in the Province of Nova Scotia who are at the moment awaiting a cheque from the federal government in the form of a grant?

**Mr. Kent:** Where an application has been approved and the project has come into commercial production?

**Mr. Muir (Cape Breton-The Sydneys):** Right.

**Mr. Kent:** When you get to that situation the basis on which payments are made is laid down in the regulations quite definitively. Mr. Lavigne can probably remember the details. I am not aware of any delays.

**Mr. Muir (Cape Breton-The Sydneys):** I was thinking of one project, I believe, in the Strait of Canso area. I prefer not to name the company, but I am sure you are familiar with it. Could you advise if they are awaiting a cheque?

**Mr. Lavigne:** What type of industry is it?

**Mr. Muir:** A fishing industry.

**Mr. Kent:** Oh, I think I know which one this is.

**Mr. Lavigne:** I cannot say whether any company is waiting for a cheque. The Act provides that the payment of the grant will be made in three different periods of time. At the commencement of commercial production 60 per cent of the grant will be paid, a year later 20 per cent, and one year after that, the last 20 per cent. We have been operating with 12 officers and we get roughly one application per day, so you can imagine the workload these officers have.

**Mr. Muir (Cape Breton-The Sydneys):** And I hope you get more applications.

**Mr. Lavigne:** Yes, so do I. The difficulty here is that we must schedule plant inspections months ahead of time. Obviously, we do not always get to a plant immediately commercial inspection starts. Therefore, we may be a little late in sending a cheque simply because the officer has not reached the point in his schedule to make the plant inspection and come back and make his report.

• 1230

**Mr. Muir (Cape Breton-The Sydneys):** There may be a quite legitimate reason for this not taking place. I only posed the question to get your views. Thank you very much.

**The Chairman:** Mr. Whiting?

**Mr. Whiting:** Thank you, Mr. Chairman.

Mr. Kent, in looking over the designated areas for Ontario I see that you have taken two counties, Parry Sound and Manitoulin Island. These two areas are classed as northern Ontario. Then you have gone up and touched on communities in northern Ontario and made them designated areas. I am referring to Bracebridge, Sturgeon Falls, Timmins and so on. Is a study of that whole area being done now or is one being contemplated?

**Mr. Kent:** A study as to whether or not there should be more designations?

**Mr. Whiting:** Yes, that is right, whether the whole area or larger sections of the area should be made designated area.

**Mr. Kent:** There is no possibility for a study of that kind under the present ADA legislation and program because the designations are essentially statistical. I think you have been given the detailed sheet explaining the basis on which the designations are made. If certain criteria are met the Canada Manpower Centre or the county or census division is designated; if these criteria are not met then they are not designated. So it is not a program within which we make an economic judgment about what would be a good area to designate in order to get maximum development. Of course the present way of doing things has been widely criticized. As with everything of this kind, there are arguments for it and arguments against it. In the consideration of future legislation that is now going on, among everything else that we are considering is the possibility of other approaches to how areas are designated. Certainly there is a great deal to be said for looking at the sort of



area within which development could most naturally take place in the way that is provided for, in effect, under the FRED program. Under the FRED program there are not rigid statistical rules on what is designated: there is, in effect, a judgment jointly by the federal and provincial governments as to within what area could a useful and effective program be mounted—given that the conditions are bad but they do not have to meet specific statistical requirements. I am afraid this is, one of the many issues, like others, where all I can say at this point is that we are considering the various alternatives and what is eventually decided and proposed to Parliament clearly depends on the governments' decisions on the basis of our attempting to weigh all the possibilities.

**Mr. Whiting:** I see that in 1967-68 there were no FRED programs in Ontario. Why is that?

**Mr. Kent:** Because this is a matter of priorities. The FRED program began in 1966 with the two New Brunswick programs. It then went on to the interlake area of Manitoba, which was the third, and the Gaspé was the fourth. There are only four FRED programs anywhere in the country.

**Mr. Whiting:** Can I take from your remarks that serious thought is being given to looking at northern Ontario as a whole area then?

**Mr. Kent:** Yes, sir.

**Mr. Whiting:** Fine, thank you.

**The Chairman:** Does that conclude your questions, Mr. Whiting?

**Mr. Whiting:** Yes.

• 1235

**The Chairman:** Gentlemen, if you will bear with us, we will have the Devco witnesses back. After that we might call for a vote on the estimates, if there are no further questions in this area.

Thank you, Mr. Kent, Mr. Lavigne, Mr. Saumier and Dr. Weeks.

**Mr. Muir (Cape Breton-The Sydneys):** Mr. Chairman, this morning I was pleased to hear Mr. Blackmore and Mr. Fullerton emphasize and reemphasize—to use their terminology—that no one would be put on the road in Cape Breton as a result of their plan for the coal mining industry, that alternative employment would be found. I think we all agree with this

and I would hope, without being pessimistic about it, that this will take place. These men have a very difficult job and I am sure no one realizes it more than they do.

Further, as I have already stated at other meetings, to the unions and to individuals, I am sure that no coal miner is going to object being taken from the coal mines and put in other employment provided the salary is at least equivalent and, hopefully, more than what they were earning because over the years they have contributed to the industry by accepting substandard wages in the coal mines. Personally, I have been successful—of course that depends on who is giving the opinion—in surviving one mine explosion and a rock fall in which I suffered spinal injuries and which resulted in my being two years in hospital and in a wheelchair. Gentlemen, it is mean, miserable, dirty work and the quicker we can do something to assist these men, the better.

Mr. Chairman, I could carry on as we have done previously, jump all over the place and put questions on the different sections of the report, but could I suggest that Mr. Ord, who heads the Corporation, start with his report and go through it, and then the questions that arise as we go along could be answered by the officials.

**The Chairman:** Are you suggesting that Mr. Ord read his report?

**Mr. Muir (Cape Breton-The Sydneys):** He would read the report and as we go along we could pose questions.

**The Chairman:** I hardly think that is necessary. Mr. Muir, you are pretty conversant with that report, you obviously know the coal mining business, and I think that if you would just pick out the things that are bothering you Mr. Ord could be glad to discuss them with you.

**Mr. Muir (Cape Breton-The Sydneys):** I do not think it is such a shocking thing to ask Mr. Ord to read his report. I have seen Cabinet Ministers over the years take their reports and read them paragraph by paragraph. Questions were posed as they concluded each paragraph, and if there were no questions they carried on. I cannot understand why the Chairman has taken the attitude of a benevolent schoolmaster during these sessions and urged us to hurry up. What is the rush, sir? What is the great rush to get through?



• 1240

**The Chairman:** I suppose this attitude has been conveyed to me by some members saying that they have other committees to go to and that they want the Committee to move along quickly. If there is something to be gained by having Mr. Ord read his report, certainly in my position as Chairman I am not going to say that you cannot have the benefit of this. Perhaps in my ignorance I do not see the merit for doing so.

**Mr. Muir (Cape Breton-The Sydneys):** Mr. Blackmore, apart from adding a few jobs to the coal industry by bringing in people from outside Cape Breton to operate or to assist in operating the coal mines, how many jobs have been provided to date by Devco by way of new industries that have been brought in? I realize you only have had seven months but how many specific jobs have been brought in by Devco?

**Mr. Ord:** The quick answer is very few, because we have hardly got the thing started.

**Mr. Muir (Cape Breton-The Sydneys):** I agree with you, but we see announcements time and time again in the paper that this is commencing, that that is starting, and so on.

**Mr. Ord:** I know Mr. MacDonald said on another occasion that we were the victims of our own publicity. He was not talking about us on that one. The fact is that we have found, which we had not realized, how long it took between the signing up of industry to come in and actually getting the wheels turning and the men employed. I think, Mr. Doucet, at the moment the Versatrec and the Richmond Plastics are the only two.

**Mr. Doucet:** Well, no, that is not quite so. I do not want to argue with my friend but—

**Mr. Ord:** Yes, go ahead.

**Mr. Doucet:** —the fact is that if you take the ones we have signed agreements with or have an understanding with, which is known publicly, and you add them all up—not the jobs that are there now; even Versatrec has only hired about 15 or 20 people—by the time these industries are in operation, and we are talking something like two years, there will be the equivalent of about a mine and a quarter, between 1,000 and 1,200 people. I am speaking of the industries and the facilities which Devco has been instrumental in one way or another in bringing to Cape Breton. I think the President was being just a little too modest. I am not modest.

**Mr. Muir (Cape Breton-The Sydneys):** I know you, Fern.

**Mr. Blackmore,** you have brought experienced men to Cape Breton to assist you. Was it not possible to find such men in Cape Breton? Even prior to Louisburg we had coal mining operations carried on by the gallant French in our area, it worked out very well from those days on, and I would have thought that possibly there would have been someone in the area, even some of your present staff, who would have been qualified to assist you in the manner in which you hope to be assisted.

**Mr. Blackmore:** Mr. Chairman, I think it is a very fair question. First of all, we have at this stage imported two gentlemen: one as general superintendent and the second as chief mechanical engineer. I think one has to give the full background in respect of the position taken. One of the reasons that the Cape Breton Development Corporation was set up and given \$25 million to rehabilitate and mechanize arose from the fact that the previous owners had no encouragement at all to invest money. The net result was that the people we have in Cape Breton, whom I would not personally criticize for their ability in any shape or form, unfortunately during their training period and their management evolution had never had those processes of thinking and know-how instilled in them which allowed them to take best advantage of modern sophisticated long-wall equipment, and therefore all the ability in the world, in my judgment, was not sufficient. What was needed was know-how as well, so that the people that we have got, who again I do not wish to criticize, could be led on a path to get maximum machine utilization.

• 1245

In respect of the general superintendent, I was perfectly satisfied, and my Board of Directors were perfectly satisfied, that we had nobody on our staff who could do that job. In respect of the chief mechanical engineer, I must point out that I took over an organization that did not have a professionally qualified mechanical engineer in the organization looking after mechanical engineering for those four collieries, and I refused to accept the statutory responsibility, either under the Nova Scotia Coal Mines Regulation Act or under the Canada Labour (Standards) Code. I had to put it to the Board that I must get

a man for this job who was professionally qualified, and that his professional qualification in mechanical engineering would be of no value unless it was allied to the mining industry.

We advertised across Canada. We had two applications. They were from Indians. One was 23; the other was 26; and this is not the sort of experience, gentlemen, into whose hands I was prepared to entrust the safety factors which are involved in mechanical engineering. I had therefore no alternative but to go to my President and say that I was certain that the National Coal Board in Britain would recommend someone to us if we asked them, and that is why we imported the Chief Mechanical Engineer.

The other factor is this, and it is very much allied to this field of engineering. We have recognized the fact that in the field of engineering which we are moving into, which is becoming heavily capital-dense as opposed to heavily labour-dense, you cannot get maximum machine utilization with 1968 machinery without a ready army of properly qualified fitters and electricians. You will be aware, Mr. Muir, that last September we started, in conjunction with the local technical college, a course for fitters and electricians, the first apprenticeship scheme for the mining industry. These people are being trained in basic electrics and mechanics.

I fully accept the fact, based on my previous experience, that we shall not retain the 36 persons, but if we do not retain them, they will be first-class prospects for ancillary industry that is coming in. So, here are another 36 jobs that the Coal Division have created within the general policy. If the technical college can take 72 next year, then I am sure the Devco Board will support putting 72 suitably qualified people on.

**Mr. Muir (Cape Breton-The Sydneys):** In other words, Mr. Blackmore, you are saying that the men who formerly filled these positions were not at all capable, and as a result other men were working under safety hazards, and so forth.

**Mr. Gibson:** On a point of order. I believe what he said was that they were not adequately trained.

**Mr. Muir (Cape Breton-The Sydneys):** Mr. Blackmore is well able and very capable and he can answer for himself.

**Mr. Gibson:** On the point of order, Mr. Chairman. It has been put to the witness that he said they were not capable, and I take objection to that. I submit he said that they are not adequately trained for the positions.

**Mr. Muir (Cape Breton-The Sydneys):** I would rather hear Mr. Blackmore, because he knows what he is talking about.

**Mr. Ord:** These are management decisions, and we have competent top management. I think you have to have confidence that what we are doing is right, and I would hope that you would support us when we do things like that. I know that there have been criticisms about bringing in people from England, but we did everything we could in our power to find the kind of people we wanted in Canada, and we could not find them.

**Mr. Muir (Cape Breton-The Sydneys):** I am from Britain, and I would hope I am not being criticized, but...

**Mr. Blackmore:** Mr. Chairman, if I can specifically answer the question. I made it perfectly clear. I repeated myself twice. I would not wish to criticize these people at all, but it is one thing to have ability, but yet another thing to have know-how.

In terms of the need of the day, one has to have know-how as well as ability, and I am perfectly satisfied that the two people brought in will assist the Cape Bretoners to develop the undoubted ability that they have. I am very happy about that.

**Mr. Muir (Cape Breton-The Sydneys):** This will be to develop your new projected opening at Lingan?

**Mr. Blackmore:** Indeed, sir.

**Mr. Muir (Cape Breton-The Sydneys):** Would you clarify—Mr. Fulerton mentioned it the other day—is it to be four slopes or four shafts? Is it shaft mining or slope mining?

• 1250

**Mr. Blackmore:** It is slope mining, sir. There will be four 16-foot-size ring-arched slopes. Two of them will be intakes; two of them will be returns; and somewhere near the top of the returns there will be short vertical drops which will go into fans. So that it is strongly possible to get added ventilation, there will be connections made to the ventilation facilities in number 26 colliery as well.



**Mr. Muir (Cape Breton-The Sydneys):** Page 4, Mr. Blackmore, at the top of the page, refers to Lingan, and so on, in this way:

... would replace that from the existing mines.

This of course means that Princess Colliery, the North Side area as we locally term it, will be closing. How soon do you feel that you will be able to close the Princess Colliery?

**Mr. Blackmore:** I think the straight answer to that, Mr. Chairman, is that here we are dealing with a factor about which there is a proper time to do something. As far as we are concerned, within the terms of reference in which we are operating, which we have already highlighted on a number of occasions this morning, we have said we are not going to put people on the road without alternative employment.

There are 1,055 people on the books of Princess Colliery as of the 23rd of November. There are at Princess Colliery, I think, 124 people who will be over 60 years of age. I will give you the precise figure. There are 119 people at Princess Colliery who will be over 60 years of age as of December 31, and there are 144 people who are within 55 and 60 years of age.

It is entirely dependent on the number of those people in the 55 to 60 age group who opt for the early retirement scheme that will decide what the policy is at Princess, and because I do not know the thinking of those 144 people, I cannot at this date give you a precise answer, sir.

**Mr. Fullerton:** I would like to supplement this and say that the closing of the mine is to be a function of the social needs of the Cape Bretoners. The economics of it have been clear for a very long time, that on pure economic grounds we would close the mine. It is the social requirements that determine the timing of the close.

**Mr. Blackmore:** It does not alter the fact, Mr. Chairman, that in the meantime, as I indicated earlier, the results which have been shown to be attainable by the application of the modern equipment in Princess has appreciably improved their results. There is still a lot further scope with the present equipment, where we have 1968 equipment and a 1905 pick, to produce better results. We hope and trust that everyone associated with the mining industry in Cape Breton will recognize the fact that the more co-operative they are

in the interim phasing-out period, the less money it will cost the federal government in terms of our operating loss account and therefore, we believe, more money will be available to help the Industrial Development Division to diversify the economy of the Island on a broader base.

**Mr. Muir (Cape Breton-The Sydneys):** How many tons per man-day are you getting at Princess now, Mr. Blackmore?

**Mr. Blackmore:** Let me give you some statistics on this. This is interesting. I just took the last six weeks as a matter of interest, and I took the 25 south face at Princess, which is equipped with this equipment, and number 28 west face in number 12, and I compared it with the best two Dosco miner faces. For the benefit of the Committee, the Dosco miner was the brainchild of Dosco, and they stayed with it over many years after it was basically out of date. But just to give an illustration...

**Mr. Muir (Cape Breton-The Sydneys):** The brainchild, but they had some very illegitimate children. Go ahead.

**Mr. Blackmore:** I would not presume to comment, sir. But taking the 25 south face at Princess, and if you take a six-week period, which is reasonable because one swallow does not make a summer, the average daily output working on two shifts is 1,511 tons as opposed to Donald's comment that 1,100 was about the figure. The productivity on that face is 12.70 tons. Twenty-eight west, which has been going only three months, 1,244 tons, with two shifts again out of the three, that is 16 hours out of 24, 10.33 tons. The best two Dosco walls are as follows: one in number 12, 460 tons at 4.34 tons; and the 9 south face in number 20, 428 tons at 5.98 tons.

● 1255

So that, by and large, here you have high-capacity machines that are capable of cutting 10 tons a minute, associated with a haulage system that when it ticks perfectly, will handle only four tons a minute. So these figures do not reflect the capacity of the machinery. We can get that sort of capacity only by having out-by facilities of a 1970 standard. We can get this in Lingan. I do not believe even at the figure of 38 million, which I mentioned earlier on, you can get it in reasonable time at the other four pits. But if we take maximum days as opposed to six-weeks averages, Princess 1,926 tons, that is in this six-week period. In actual fact on one day they have done 2,700 tons on two shifts, that is 13.14 tons.



Here again you are tied, hook, line and sinker, by very poor clearance, inadequate ventilation, a shocking man-riding system, because it takes you one hour and twenty-five minutes, Mr. Chairman, to get to the face. It took you an hour and a quarter to get to number 12, and this is not the way to utilize men in the modern age, and you can only put this right by having brand new entries.

Here again the justification for Lingan, but the great thing in these figures is this, that even with these inadequate facilities you have three times the productivity at least, and when you give it facilities, in my humble belief you will get six times.

**Mr. Muir (Cape Breton-The Sydneys):** Mr. Blackmore, with this excellent report that you have given with the new equipment, with particular reference to Princess, if you continue to increase your tons per man-day, would it be a consideration of Devco to continue the mine? It is a very good quality, correct?

**Mr. Blackmore:** Princess?

**Mr. Muir (Cape-Breton The Sydneys):** Yes.

**Mr. Blackmore:** I think there is an advantage that there is a washery there, which helps a lot. For this reason you have a lot of tide customers that you can satisfy with washed coal which you cannot from the other places where you have not got washeries.

If I can use this question of faith again, I believe you have to leave it to us to use our judgment within the over-all parameter, that we have given an undertaking without putting men on the road. We accept our social responsibility, and I would not like to commit myself or my years of experience in mining to say what is going to happen even in 1970, because things can change very radically. In terms of both markets and seam conditions, and with your experience in mining Mr. Muir, you know this as well as I do, what is a perfect condition today can be a very lousy condition tomorrow.

**Mr. Muir (Cape Breton-The Sydneys):** Yes, that is right. Mr. Blackmore, you can answer this if you wish. If you do not prefer, it is all right. Do you have any plans for the opening on the north side of a new slope in a new seam somewhat similar to what you have in mind regarding Lingan?

**Mr. Blackmore:** I am quite happy to say, Mr. Muir, that we are constantly analyzing

the reserves of coal which are available to us, which in light of evolving technical experience in re-orientating markets, coupled with the manpower problem, might give rise to an attractive situation that might not have appeared in the past.

In other words, we are open-minded on this, but it would be quite wrong at this stage to say that we have any firm plans.

**Mr. Muir (Cape Breton-The Sydneys):** With the gradual cutback proposed in Princess—as you are well aware you cannot take half a dozen men off a wall today and put them somewhere else—are you considering cutting it to single shift or something like that? But then of course your tons-per-man cost goes up.

**Mr. Blackmore:** Here again I would ask you, sir, to have faith within our general philosophy. The basic point is this, that in all these old mines you get one man at the face and five or six men out-by. If you had sophisticated mechanized equipment on the face, you would end up with one man at the face and five or six men out-by, and the effect of having a Lingan is that from the one man at the face you get about twice the output; and instead of having five or six men out-by you have something of the order of three. If you do your sums on that you will realize why the DEVCO Board says that you come back to a cost per ton of \$7 to \$8; and it could well be less. The answer to this question is that we have got to play this by ear, with the figures of manpower we have to work with; and we must recognize each of them as a human being.

#### • 1300

One of the problems, as I am sure Committee members will have noticed and as we have mentioned in the report as in having flexibility in looking after people who have physical liabilities and physical injuries, whether received in the mining industry or otherwise. As I see it, many people, Mr. Muir, particularly in the upper age groups, continue to come to work with physical liabilities and probably should not do so but have to for economic reasons. In the course of time, when we get the opportunity, Mr. Chairman, we, together with the unions, will be developing plans to ensure that these people get fair play.

**Mr. Muir (Cape Breton-The Sydneys):** Mr. Blackmore, relative to the short period of

time until you suggest these closures will take place—and this again involves Mr. Doucet; and I suppose you had to set some target date—how do you justify choosing 1972—or is it 1974?—which is only a few short years away, for displacing all these men? You have already said, that there definitely will be alternative employment. In that short period of time how do you figure you can place them? If there is no development of new industry will the idea of continuing mining be re-examined?

**Mr. Fullerton:** That is certainly the flexible part of the plan. The ideal would be to open through Langan and close the remaining mines. If the jobs are there and some of the remaining mines are kept going and jobs provided in them that will naturally step up our costs and bring down the amount available to be spent on development; but we must stress again that this is a flexible plan. If the jobs appear in other industries we end up with one single mine at Langan; if they do not appear two or three mines will still be operating.

**Mr. Muir (Cape Breton-The Sydneys):** In other words, it is not hard-and-fast.

**Mr. Fullerton:** It is not hard-and-fast at all.

**Mr. Muir (Cape Breton-The Sydneys):** What is the view of the Development Corporation on what the spokesman for the United Mine Workers of America says: that the phase-out is too hasty; that he is disappointed in the DEVCO report; and that it fails to give one concrete example of alternative employment being provided for the displace coal miners?

**Mr. Fullerton:** May answer is that, I suspect, that Mr. Marsh's job is to be elected by the constituents of the UMW, and that he is, in a sense, taking that stand for political reasons.

**Mr. Ord:** I may add that we accepted a number of suggestions for the United Mine Workers in formulating the main plan.

**Mr. Muir (Cape Breton-The Sydneys):** I see.

**Mr. Ord:** They have been part of it.

**Mr. Muir (Cape Breton-The Sydneys):** They have been quite helpful?

**Mr. Ord:** Yes, surely; they know their stuff.

**Mr. Muir (Cape Breton-The Sydneys):** I fully agree with you.

**The Chairman:** Again at the risk of sounding like a benevolent old school teacher in a hurry, way I ask if you will finish your questions by 1.15 p.m. or 1.20 p.m.?

**Mr. Muir (Cape Breton-The Sydneys):** I can finish in about two or three minutes. In the light of your viewpoint, sir, perhaps we will have to take some time in the House of Commons. There are many, many questions to ask and many, many matters to be dealt with, and I can think of no one more co-operative than these gentlemen.

I know them all. They are not afraid to face questions from anybody at any time. But if that is your viewpoint I will pose only one more question...

**The Chairman:** Please feel free to take 15 or 20 minutes. I do not want to rush you, or make you feel that you are not welcome to stay here.

• 1305

**Mr. Muir (Cape Breton-The Sydneys):** I know I am not.

In any event, can any of you gentlemen tell me how you arrived at the proposed pre-retirement figures of \$3,000 for a married couple and \$2,400 for a single man?

**Mr. Ord:** I think the shortest answer if I may say so, is that these are figures that were discussed with the mine workers, and they seemed to be appropriate within the framework of other benefits that were available.

**Mr. Fullerton:** They take into account, first, the level of pay; secondly, the realm of costs; and thirdly, the terms of our discussions with the union, among ourselves and with the people involved. It was a compromise, and also the best one in terms of our responsibility to the Government of Canada.

**Mr. Muir (Cape Breton-The Sydneys):** Was any thought given, Mr. Fullerton, to using the principle of insurance companies relative to the period of years they worked, their income, and so on, and, if so, what were the results of that consideration?

**Mr. Fullerton:** The view was strongly expressed to us that the men themselves would prefer the flat rate.

**Mr. Muir (Cape Breton-The Sydneys):** Yes; regardless of the period of time that they had worked. I have further short questions for Mr. Doucet. I feel terrible about not asking him one!



**Mr. Doucet:** I do not mind at all.

**Mr. Muir (Cape Breton-The Sydneys):** Great emphasis is put on tourism, as well it should be. It is a coming industry; it is growing all the time. I hope DEVCO will do everything they can to accelerate tourism on the Island, and I am sure they will.

By the same token, however it is not possible for everyone to operate restaurants, on filling stations, on motels. Although it provides some service, and industry and so on, what other tourism plans does DEVCO have?

**Mr. Doucet:** I would prefer not to answer that question, if I may. It is not that I am afraid of questions; it is simply that the Corporation is just in the process of developing a policy, jointly with the provincial government and other federal agencies, on what kind of assistance would be appropriate in its development.

I think probably we would all agree that neither tourism, nor labour intensity, nor capital intensive industries are going to solve all the problems, or any one of them; it is a combination of these that we need in Cape Breton, in the industrial development sense, if we are going to be able to phase down the mine in a relatively short time and yet have not a worse economy but a better one than we now have.

That is what I would say. We have not developed our policy; we are working towards it; and we have done some specific things of which you are aware; but I would rather not answer the question except in that general way.

**Mr. Muir (Cape Breton-The Sydneys):** Can any member of DEVCO bring us up to date on the plans for housing development?

**Mr. Doucet:** Because this is the first time that an observer at the Committee has raised this question, may I say, as I previously remarked to Mr. Broadbent, that we are concerned with much more than bringing industries in. We are concerned with facilities both for the workers and for the technical services of industries coming in, and one of the problems we have, as you know, Mr. Muir, is a lack of housing.

The Corporation has directly purchased land and taken options to protect land values in the most suitable locations for housing. It has also agreed to lease some housing units from the Nova Scotia Housing Commission,

for which, I understand, tenders are being called either today or tomorrow.

• 1310

Important as incentives are, one of the first questions we are asked by an industrialist bringing an industry to Cape Breton is what we can do to provide housing for their technical and managerial people. They do not want to become landlords or house-owners. They want to put their money into their business. We now ask them how many will be coming, and make arrangements, either through the private sector or the Housing Commission, to have housing available at least on a temporary basis.

In addition, as you know, the Corporation is assisting in the financing of Cabot House, which will have about 90 apartments of very good quality for such people coming to Cape Breton. We hope it will be finished within about 18 months. The bulldozers will be moving in very soon.

This is the kind of approach the corporation has seen as absolutely necessary. There is no use bringing in industries without people. The turnover cost to the industry would kill it.

If you talk to those at the heavy water plants they will tell you that one of their greatest problems, apart from all the technical ones, is the unhappiness of the wives of their senior technical people because of inadequate housing and the difficulties of providing it. The same is true of General Instruments.

**Mr. Muir (Cape Breton-The Sydneys):** Mr. Blackmore, have you any other plans for the development of the mines? I suppose the production increase you spoke about previously is due to the Anderton shearer. Have you other equipment that you feel will...

**Mr. Blackmore:** Yes, I think this is a fair question, Mr. Chairman. First of all, the Anderton shearer, although a fairly highly involved piece of equipment, is pretty simple. Its coal-cutting capacity is ten tons a minute, but to get the ten tons regularly you have to have all other aspects mechanized.

This is where the walking chocks make the Anderton shearer. You can operate a 700 foot wall, for example, with walking chocks and an Anderton shearer, with three men, but you then have to advance your road ends. This was being done manually until very recently, when we attempted to mechanize the bottom road in each of the two faces I



have referred to. We have substantially reduced the number of men in this operation, but we are still on the long wall advancing system.

We would be delighted to have the natural conditions they have in the United States where they do long wall retreating, by means of which you can get a much higher bulk output against. In fact, in one day this year, in a 44-inch seam at a pit in America, they actually mined 5,274 tons off one 450-foot face. This is a complete impossibility with long wall advancing. If you can drive your entries out by a mechanized means—and this is self-supporting, in terms of its economics—and then can retreat back the road ends are no longer the limitations.

At the depths we are working in the old mines, as, for example, in No. 12 colliery, where there is 3,000 feet of cover—I believe in Princess it is 2,100 feet—on the information we have now it is just possible, at 2,000 odd feet of cover, that a retreat mining system might pay off, but at this stage in our evolution we have to consolidate on what we know.

I hope however, that in the years to come, when our developments are sufficiently ahead in Ligan—where in the early stages we shall not have so much cover—we might well try driving through roadways out and retreating backwards. It has been tried in the present mines and it failed miserably. I believe if we tried it today it would also fail. I believe this is the problem that the European mines have, which are of much greater depth than the American mines. It works in America because of the much shallower nature of the seams. You know, they are working 200, 300, 500 feet below the surface whereas for European mines I suppose you can say an average is something of the order of 2,000 feet, and certainly in Cape Breton we are 2,000 to 3,000 feet.

It is a question of whether the road will stand in stret, to use a mining term, or in the narrow. This is a problem with us, but we are not giving up hope; we shall be constantly trying to see whether by leaving different sizes of pillars or putting up different supports this can be possible, but at this stage in my judgment it is not on, and a trip underground would illustrate very simply why it was not on.

• 1315

**Mr. Muir (Cape Breton-The Sydneys):** I have just one more question, Mr. Blackmore,

and I do not want you to consider it facetious or nasty. You are familiar with Four Star Collieries. I understand their tons per man day are very high and their supervisors, as I understand it, are native people. How is it that they can produce so well and increase their production so well?

**Mr. Blackmore:** Well, again, Mr. Chairman, without being facetious I do not know Four Star Colliery. That is point number one. Point number two is that I am told that Four Star Colliery employs 100 people at the most. I understand it has one face working. In fact, I am of the understanding that for two months they did not produce any coal whilst they were preparing this one face.

I must suggest to you there is a world of difference between having a drift mine where the face is pretty close to the surface, where you only have 100 men employed with a relatively short face, and having a deep mine four miles from the surface, employing 1,200 or 1,300 people.

In fact, if I can make a comparison, in effect Ligan will only be a really smartened up example of what they have at Four Star and this is why the results at Four Star recently, to the man who is prepared to sit and look at the facts, fully justifies Ligan and fully justified the line of DEVCO that you cannot win out being four miles away in a 1905 pit.

**Mr. Muir (Cape Breton-The Sydneys):** But their tons per man day are quite high and it is supervised by native people.

**Mr. Blackmore:** With a very strong number of visits from British manufacturers. When the British manufacturers and their demonstrators and servicemen come to Cape Breton they come to us and they also go to Four Star. You may rest assured, and I believe the people in Four Star would also agree, that they have had first-class service not only from the British manufacturers but also from the Cape Breton Development Corporation when we can help them out.

**Mr. Muir (Cape Breton-The Sydneys):** The operators of the Four Star Colliery have been noted for having the best equipment, not only from British manufacturers but from American manufacturers. They were the first to instal in North America the Duckbill loader which was most successful on another occasion.

I have one more question to Mr. Fullerton. Mr. Fullerton, consideration undoubtedly was

given by the Board or DEVCO, when they decided upon the amounts for pensions, to the impact this will have on the total economy of the Island. In putting people on \$3,000 a year or \$2,400 a year, whereas they were earning more, what consideration has been given to the impact this is going to have on the whole economy of the Island?

**Mr. Fullerton:** First of all, Mr. Muir, there is no change in the total impact. The money that the government saves is going to be spent on the development side. By saving on coal it is spent on development so that you cannot argue that by cutting down the pay there is net deterioration. There will be some cut in the take-home pay of the miners but it will be balanced off by spending in other fields of construction, and so on. It will balance off. That is the point. Well, they hope to improve the economy...

It is a small amount, anyway.

**Mr. Muir (Cape Breton-The Sydneys):** Yes. Of course, the economy of those who were earning \$5,000 or \$6,000 will not be improved when they are reduced to \$3,000 annual income. The spending will take place, of course.

● 1320

**Mr. Fullerton:** The average pay has not been \$5,000. It has been below \$5,000.

**Mr. Muir (Cape Breton-The Sydneys):** Yes, but you are going on the average, and there have been a number...

**The Chairman:** Mr. Whiting, would you defer your question until we have a vote on Item 35?

**Mr. Muir (Cape Breton-The Sydneys):** Mr. Chairman, may I ask one more question please?

**The Chairman:** For the third time of asking—I am an Anglican—you may.

**Mr. Muir (Cape Breton-The Sydneys):** So be it. Thus endeth the first lesson.

Is this plan for \$3,000 for married couples and \$2,400 for a single man open to renegotiation, or is this it—final?

**Mr. Fullerton:** This plan has been presented to the government, it has now been approved by the government, and it is the approved policy now. It is set.

**Mr. Muir (Cape Breton-The Sydneys):** Was the plan brought before the men before it

was given to the government and the government stamped it?

**Mr. Fullerton:** This has been discussed again and again with the men through their union representatives.

**Mr. Muir (Cape Breton-The Sydneys):** Good enough; fine. I realize that you gentlemen are quite willing to answer any number of questions, but in view of the fact that the Chairman is in a great rush I will reserve other comments for the House of Commons.

Thank you, very much.

**The Chairman:** Thank you for your understanding. The cleaning staff are waiting and Mr. MacDonald is waiting. Shall Items 35 and 40 carry?

Items 35 and 40 agreed to.

**The Chairman:** Thank you very much, gentlemen. It does not look as though we are going to have a quorum this evening, so members of this Committee probably can feel free to go other committee meetings this evening.

I do thank you all, especially you Mr. Korchinski and you Mr. MacDonald for doing your duty.

**Mr. Honey:** Mr. Chairman, on a point of order, just before the members go I wonder whether we could deal with other votes? We had the Deputy before us this morning and the other officers. I take it it is the intention not to call the Deputy and other officials back, so while we have a quorum, subject to what other members say, perhaps we can dispose of these votes.

**The Chairman:** Well, I think if we leave Vote 1 open in deference to Mr. MacDonald we might agree to go to Votes 5, 10 and L85.

**Mr. MacDonald (Egmont):** I do not have the reference with me. What votes are those specifically, Mr. Chairman?

**The Chairman:** Vote 1. If we leave Vote 1 open, Mr. MacDonald, I think that should accommodate you.

**Mr. MacDonald (Egmont):** I would not want to close off the one on NewStart because I think there was some interest in discussing it.

**The Chairman:** By leaving Vote 1 open we can get to NewStart perhaps next week.

Shall Items 5, 10, and L85 carry?

**Mr. Honey:** Mr. Chairman, Mr. MacDonald and Mr. Korchinski are still considering and I do not think we should go too quickly.

**Mr. Korchinski:** Just a minute. I am particularly interested in several questions concerning ARDA, and so on, and I want to have that open so I can ask questions.

**The Chairman:** Mr. Korchinski, when we come back on Item 1 we will make sure that there is a representative here who can answer your questions on ARDA.

**Mr. Korchinski:** I am willing to expedite these but I want to make that reservation so I will be free to ask questions on that subject.

**The Chairman:** I respect that.

**Mr. Korchinski:** That is fine.

Items 5, 10 and L85 agreed to.

**The Chairman:** Thank you, gentlemen. Now did you have anything else?

**Mr. Whiting:** Mr. Chairman, I would like to ask a question of Mr. Doucet. What is the budget of your particular department, sir?

**Mr. Doucet:** At the moment the annual budget from the federal government is \$20 million and \$10 million from the provincial government. That is the statutory budget.

• 1325

**Mr. Whiting:** What does that involve?

**Mr. Doucet:** That \$20 million does not have to be voted on again by Parliament.

**Mr. Whiting:** How long is that for?

**Mr. Doucet:** There is no time period on that. Technically speaking it could all be spent in one day, although obviously this is not the way it works, but there is no time limit. Now, what is shown before you in the Blue Book is the speed at which the Corporation proposes to spend it this year.

**Mr. Whiting:** That is \$20 million and \$10 million?

**Mr. Doucet:** That is correct.

**The Chairman:** Are there any further questions? Shall we adjourn?

**Some hon. Members:** Agreed.

---



OFFICIAL REPORT OF MINUTES  
OF  
PROCEEDINGS AND EVIDENCE

This edition contains the English deliberations and/or a translation into English of the French.

Copies and complete sets are available to the public by subscription to the Queen's Printer. Cost varies according to Committees.

Translations under the direction of the Bureau for Translations, Secretary of State.

ALISTAIR FRASER,  
*The Clerk of the House.*

HOUSE OF COMMONS

First Session—Twenty-eighth Parliament  
1968

---

STANDING COMMITTEE

ON

REGIONAL DEVELOPMENT

*Chairman:* Mr. JOHN MORISON

---

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

---

THURSDAY, DECEMBER 5, 1968

---

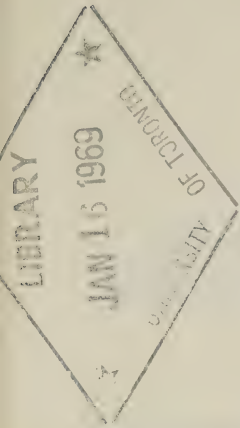
Revised Main Estimates 1968-69 of Regional Development.

---

WITNESSES:

*From the Department of Forestry and Rural Development:* Mr. A. Saumier, Assistant Deputy Minister; Mr. G. Page, Director of Experimental Projects.

ROGER DUHAMEL, F.R.S.C.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1968



STANDING COMMITTEE  
ON  
REGIONAL DEVELOPMENT

*Chairman:* Mr. John Morison

*Vice-Chairman:* Mr. Alexandre Cyr

and Messrs.

Breau,  
Broadbent,  
Comtois,  
Gauthier,  
Honey,  
Korchinski,

Lessard (*Lac-Saint-Jean*),  
Lundrigan,  
MacDonald (*Egmont*),  
Mazankowski,  
McGrath,

Nystrom,  
Roberts,  
Roy (*Laval*),  
Smerchanski,  
Stewart (*Marquette*),  
Sulatycky,  
Whiting—(20).

(Quorum 11)

R. V. Virr,  
*Clerk of the Committee.*



ORDERS OF REFERENCE

FRIDAY, November 29, 1968.

*Ordered*,—That the names of Messrs. Comtois and Roberts be substituted for those of Messrs. Yanakis and Gibson on the Standing Committee on Regional Development.

MONDAY, December 2, 1968.

*Ordered*,—That the name of Mr. Sulatycky be substituted for that of Mr. LeBlanc (*Rimouski*) on the Standing Committee on Regional Development.

ATTEST:

ALISTAIR FRASER,

*The Clerk of the House of Commons.*

## REPORT TO THE HOUSE

FRIDAY, December 6, 1968.

The Standing Committee on Regional Development has the honour to present its

### SECOND REPORT

Pursuant to its Order of Reference of Wednesday, October 16, 1968 your Committee has studied the items listed in the Revised Main Estimates for 1968-69 relating to the Cape Breton Development Corporation and Regional Development and commends them to the House.

In addition your Committee would appreciate receiving the Annual Report of the Department of Forestry and Rural Development, or its successor in order that the Committee may continue its studies.

A copy of the relevant Minutes of Proceedings and Evidence (*Issues Nos. 1 to 6 inclusive*) is tabled.

Respectfully submitted,

JOHN MORISON,  
*Chairman.*

## MINUTES OF PROCEEDINGS

THURSDAY, December 5, 1968.

(6)

The Standing Committee on Regional Development met this day at 4.05 p.m. The Chairman, Mr. Morison, presiding.

*Members present:* Messrs. Breau, Broadbent, Comtois, Cyr, Gauthier, Honey, MacDonald (*Egmont*), Morison, Smerchanski, Sulatycky, Whiting—(11).

*Also present:* Mr. McQuaid, Member of Parliament.

*In attendance: From the Department of Forestry and Rural Development:* Mr. A. Saumier, Assistant Deputy Minister; Mr. G. Page, Director of Experimental Projects (New Starts).

The Committee had for consideration the estimates of Regional Development.

The Chairman introduced the witnesses and invited the Members to continue their questioning.

Vote 1 was carried.

The Chairman was instructed to report the estimates of Regional Development including the Cape Breton Development Corporation and to include in the report a request that the Annual Report of the Department of Forestry and Rural Development, or its successor be referred to the Committee.

There being no further questions, the Chairman thanked the witnesses and the Committee adjourned at 6.20 p.m. to the call of the Chair.

R. V. Virr,  
*Clerk of the Committee.*





## EVIDENCE

(Recorded by Electronic Apparatus)

Thursday, December 5, 1968

• 1605

**The Chairman:** Gentlemen, a number of you have indicated you are anxious to start the questioning period and because, as usual, our time is limited I wonder whether we can start, now that Mr. Gauthier is here. Mr. Sulatycky, you indicated initially that you had a question.

I am sorry that I did not introduce the witnesses to those of you who do not know who they are. Mr. Saumier, of course, was with us at our last meeting and is prepared to answer any questions you might have on the ARDA or the FRED programs.

Mr. Garnet Page is the Director of the NewStart Program and will be prepared to answer any questions in that area. I think probably Mr. Saumier's knowledge, along with Mr. Page's, will carry over into any of the other programs that might come to your minds so far as this discussion is concerned.

Would you like to start on ARDA, Mr. Sulatycky?

**Mr. Sulatycky:** What control does the federal government have over the field level administration of ARDA?

**Mr. A. Saumier (Assistant Deputy Minister, Department of Forestry and Rural Development):** The answer to this, Mr. Chairman, is very simple. The ARDA program, so far as implementation is concerned, is administered entirely by each province. We have no control over the provincial field staff that is actually involved in the ARDA project.

**Mr. Sulatycky:** Can you tell me the average time lapse between the conception of an idea for ARDA and the implementation of that idea?

**Mr. Saumier:** Mr. Chairman, this will vary considerably from province to province and according to the magnitude of the problem. Let me take as an example a very simple case for which we have to visualize a simplified ARDA structure.

First of all, ARDA is a co-ordinating mechanism at the provincial level between a number of provincial departments, which means that a project can be initiated, for example, in the provincial Department of Agriculture. This project is studied in that department. If the department feels that it would be eligible for a federal contribution under ARDA, this project is then submitted to the provincial ARDA committee of the provincial ARDA structure which looks at all provincial projects the various provincial departments believe could be eligible for an ARDA federal grant.

Looking at all this the province then decides which projects from that number will, in fact, be submitted by the province to the federal ARDA administration, which determines whether or not a given project is eligible in the light of the ARDA agreement. Then, depending upon the size of the project, the federal contribution is referred by our department to the federal Treasury Board if it is a project above a certain level, and then the Treasury Board gives final approval.

The length of time between conception of the project and the actual payment of the federal share can vary very considerably from a period of years to a period of months, depending on the complexity of the project and the rapidity with which various intervening bodies can, in fact, be informed of the project and reach a decision. It is very difficult to give a hard and fast rule about how long it takes for an ARDA project. I know some have been under discussion for years and some were acted upon in a matter of months.

• 1610

**Mr. Sulatycky:** What portion of the cost of ARDA projects does the federal government bear?

**Mr. Saumier:** This is described in detail in the ARDA agreement, but I can say that by and large it is about 50 per cent.

**Mr. Sulatycky:** Have you heard of any situations where the delay in the implementa-

tion of an ARDA project is being attributed to the federal government by ARDA field level employees, and are the attributions in these cases correct?

**Mr. Saumier:** Mr. Chairman, I have in front of me a list of the various ARDA projects now under way and I must confess that I would find it difficult to answer this question in detail. We have a few thousand projects and whether some people have said at some time that some projects were delayed by the federal government, and whether the statements were, in fact, true is difficult to say. If you have a specific case in mind it would be very helpful.

**Mr. Sulatycky:** Have you received any complaints of this or a similar nature?

**Mr. Saumier:** We receive complaints; yes, indeed, we receive complaints.

**Mr. Sulatycky:** It seems to me there is a built-in political factor here in that the federal government is open to criticism by provincial government employees and it is a natural defence available to them to say that the federal government is responsible for delays. If a project that appears reasonable to the people in an ARDA area—it is suggested by them—is not acceptable to the field level employees or the provincial government, all the field level employees have to say is that the federal government will not accept this proposal. I am just wondering in how many of these instances these insinuations and statements are correct.

**Mr. Saumier:** Our general approach, Mr. Chairman, has been to have discussions with the provincial ARDA authorities before a formal proposal is put to us to make sure that as few proposals as possible are, in fact, rejected by Ottawa. I dare say in that connection that the proportion of formal provincial ARDA submissions rejected by Ottawa in recent years is exceedingly low. I would say probably they could be counted on the fingers of both hands, at the outside.

**Mr. Sulatycky:** Is there no way by which the federal ARDA authorities can control the actions of the field level employees?

**Mr. Saumier:** I am afraid not, Mr. Chairman.

**Mr. Sulatycky:** Those are all the questions I have at the moment, Mr. Chairman.

**Mr. Smerchanski:** I have a supplementary question, Mr. Chairman. On the basis of the remark made, to what extent can we as members of the federal government have action taken on ARDA projects in our areas because, as mentioned, it would seem that if the provincial authorities feel that ARDA is not required in a certain area they can rule against it and therefore that is the end of the project?

• 1615

I come from Manitoba, where there have been instances, because the provincial government is not of the same stripe as the federal government, that when you recommend certain ARDA projects from your constituency these are not recognized, and the field crew or the provincial ARDA authorities go merrily on an entirely new approach. It seems rather an unfair sort of a decision to me because I think that wherever an ARDA project is desirable or required that it should have priority over anything else, be it regional, political, religious or any other matter. I think something should be done in order to make the provincial authorities subject to some federal jurisdiction where, if there is a need for an ARDA project, some consideration could be given to it. I think in the first instance the concept of ARDA is to help poverty areas or to try and upgrade the regions that are not standard regions. In the past I think that ARDA has been subjected to a great deal of political wrangling and I think that something should be done on the federal level to move this away and work on the basis of need and priority rather than political consideration. I think something should be done along this line, Mr. Chairman, because ARDA is certainly not fulfilling the function for which it was initially set up. I would like some expression from the witness as to what can be done in order to make ARDA more efficient in that direction so that projects can be carried out in those areas that need it most.

**Mr. Saumier:** I cannot answer this question directly, Mr. Chairman, I can only offer a comment. By and large the areas in which the present ARDA agreements operate are areas of provincial responsibility. Even if the federal government were to decide to intervene directly, it does not have the means to drain the ditches of Manitoba, for example, this is done by provincial departments who are fully competent to do so and the theory that in a



way we might take the place of provincial departments or act in a unilateral fashion—whatever its appeal in principle—is not workable in fact because the federal government is simply not equipped to carry out this kind of activity across the country.

**Mr. Smerchanski:** Mr. Chairman . . .

**The Chairman:** Mr. Smerchanski, you asked a supplementary question and I do not want you to develop it to any great length. I think your question has been answered. As soon as we have gone through the list I will come back to you.

**Mr. Smerchanski:** That is agreed.

**The Chairman:** Mr. Broadbent?

**Mr. Broadbent:** Thank you, Mr. Chairman. I hope the pile of papers I have with me will not cause any apprehension in terms of time. It is not a sign of expertise; rather, it is a sign of ignorance. I have some questions that perhaps Mr. Saumier could clarify.

A number of economists, including Professor Brewis and Professor Paquet from Carleton University and Professor Higgins from the University of Montreal, have been critical of the ADA program mainly on the basis of the criteria of attempting to create industry and jobs in areas on the basis of high unemployment as designated by the Canada Manpower Centres. On the other hand, we have federal programs such as FRED, which uses different criteria for development; more specifically, the idea of growth potential in the area. There are two questions related to this. First, how do you deal with the first specific criticism of trying to develop an area by using the unemployment in the area as the main criteria? Secondly, is there not potential conflict between this criteria . . .

[*Interpretation*]

**Mr. Gauthier:** Mr. Chairman, Mr. Broadbent is not speaking into his microphone so there is no interpretation.

[*English*]

• 1620

**Mr. Broadbent:** I beg your pardon. Is there not a conflict between this criteria and the one, for example, used by FRED? Before you answer, Mr. Saumier, I wonder if it would be useful if I were to read a specific criticism related to this area and then you can deal with it in your answer. This is an extract from a paper on regional development by

Professor Brewis and Professor Paquet, and it is directly concerned with the ADA program. It reads:

The speed with which the areas were designated left little time for considered appraisal of the implications of the boundaries, and criticisms of the latter were not slow in coming.

In the first place, the areas were never drawn up with the objective of economic development in mind, and though there was an obvious administrative convenience in using them, there was little else to recommend them if development was to be the prime consideration. In point of fact, the criteria for designation that were selected involved no appraisal of potential growth. The reason for this seems to have been the uncertainty surrounding potentiality for growth and the desire to present at least an appearance of statistical objectivity in the selection of areas for designation.

Then they say:

Experience in other countries, however, has demonstrated the inadequacies of policies designed to induce industry to establish in areas where the potentialities for self-sustained development are minimal. Unless designed as a purely welfare measure, aid is more effectively focused where there are prospects of inducing self-sustained improvement.

Then they go on to develop that a bit. I wonder if you would comment on that.

**Mr. Saumier:** Mr. Chairman, perhaps I could deal first with your second question; namely, whether there is any conflict between FRED and ADA. In point of fact, there has been no such conflict because by a fortunate coincidence—if you wish to call it that—the FRED programs have all been instituted in areas which were already designated under ADA. The one exception to this was a part of the FRED program at the Interlake, which was subsequently designated an ADA area. From that specific point of view there has in fact been no problems there at all. This is not surprising as the FRED programs are designed for areas which are experiencing depressed economic and social conditions, so the convergence of the two is something which is not altogether surprising.

Coming back, Mr. Chairman, to the first question, I do not know to what extent I

should address myself to the basic economic and theoretical questions underlying the arguments that Professors Brewis and Paquet made and with which I am quite familiar. Let me put it this way. If we want to resolve problems of unemployment, there are basically two strategies available. One is to bring industry to the unemployed and the other is to bring the unemployed to the industry. In the case of ADA, rightly or wrongly—and this is a point which can be argued at some length—the approach taken was to try to bring industry to the unemployed. This is a fairly complex problem. However, it is no more complex than trying to do the reverse. For example, we have the Manpower programs, which to some extent are designed to try to train the unemployed so that they will be able to benefit from employment wherever this employment is available. We can visualize that these two programs are working in some measure towards the same goal, namely, the reduction of unemployment. One of these programs attempts to attack this by stimulating industrial development in areas where there is large-scale unemployment and presumably stimulating worthwhile and viable industrial development. The other program tries to tackle the difficulty from the other end, by enabling people to acquire a greater mobility which in turn will make it possible for them to move to where there is an employment potential.

The extent to which the ADA program has in fact been successful is, of course, something which again can be debated at quite some length. The assessment of that success will depend to a point on the particular economic growth theory that the assessor had in mind. If he had in mind a theory of economic growth which focuses very strongly on the growth point concept, then by and large he will take a dim view of the ADA program because it is not based on that theory. If he has a different theoretical approach he will then look at the ADA program as a program which is sensible in itself and which has had some significant results.

• 1625

It so happens that Professors Brewis and Paquet are in fact very strong proponents of the growth point theory, and starting from that theory they of course make very severe strictures on the ADA program which, as I said, was conceived within a different framework.

I have one final point, Mr. Chairman. I should say that within the new Department

we are presently engaged in looking—and this was mentioned by the Minister and Mr. Kent—in depth at this problem with a view to rationalizing all these activities and coming forward with a policy which, if I may say so, will be such that it will satisfy everybody, which will be quite an achievement, I might add.

**Mr. Broadbent:** Yes. I think that would be a considerable achievement. If I understand you correctly, Mr. Saumier, you are saying that your current reassessment may in fact lead to an abandonment of using high unemployment as the main criteria.

**Mr. Saumier:** I believe this may be a bit too strong. I think it is fair to say that we are now looking at the validity of that criteria as opposed to other criteria which may be useful, and at ways in which these various criteria can be co-ordinated to arrive at the most meaningful policy possible.

**Mr. Broadbent:** If I may go through some of the general terms of the paper from which I quoted again so that I will understand, you said that their criteria is one which very much favours high growth potential and therefore if another economist favours this he is not going to be too impressed if he looks at the ADA program. However, if he has another criteria he might be. I would like to know what that other criteria might be. I am a layman in this field and if I read the opinion of an intelligent expert I might very easily be persuaded. What I have in mind is that you might have another criteria, just to give these people jobs, and—to put it very crudely—we might look at substantial sections of the Maritimes and say, “Yes, people have jobs there but they are highly subsidized in certain areas. Do we want to perpetuate that kind of area?” That might be another criteria.

**Mr. Saumier:** Mr. Chairman, perhaps I can give a fairly simple example of the different approach to this problem of economic growth. The theory that Professors Brewis and Paquet put forward is if you develop strong points of growth the impact of these growth points will be felt through the hinterland, or the area surrounding it, which will be trained—if it is unemployment you are speaking about—toward that growth point. This approach is a strong argument in favour of concentrating industrial development in the growth centre.



An alternative theory which is academically as creditable, if you like, is to say that the growth of a given centre depends on the growth which takes place in what is called its hinterland, namely, the surrounding area, and therefore the way to ensure the growth of the centre is to make sure there is sufficient development in the hinterland which in turn will stimulate—especially at the tertiary level, the level of services—the growth of the centre itself. I do not know if I have made myself clear in this example.

**Mr. Broadbent:** I think so, but then . . .

**Mr. Saumier:** If you accept the second theory, you will then evolve a policy which does not necessarily aim at focussing all assistance for industrial development in the growth centre, but you will look at the broader area and try to structure your incentives in such a way that the growth which occurs over the whole area is in fact organized in such a way as to establish strong linkages between these isolated developments and the central point so that the developments, as they themselves get going, will work at the same time towards the benefit of the central point. In this approach it is not as critical to focus all your assistance on the development of the central point itself.

• 1630

**Mr. Broadbent:** Could you give us an example of what you mean? For example, I could say by fostering growth in Ontario that this may help Quebec, you may say if we see Ontario as being the hinterland of Quebec, but I am not sure Quebecers would agree with that. You are obviously talking about smaller areas.

**Mr. Saumier:** Let me give you a very concrete example. Here is the City of Montreal itself or the Island of Montreal which is not designated under ADA. About 40 miles from Montreal you have St. Jerome and area, which is designated under ADA. It is quite conceivable that large scale industrial developments in the St. Jerome area will, in fact, stimulate growth in the small Montreal area itself.

To stimulate the growth of Montreal is the declared objective. You do not necessarily have to give special incentives to industries that establish themselves in the Island of Montreal. You may achieve the same purpose by fostering the appearance of dynamic centres in an area around Montreal. These

dynamic centres will require services, consulting services, management services, financial services, and services of all kinds, which in turn will be provided in Montreal, and this will stimulate growth in Montreal itself.

**Mr. Broadbent:** It would seem to me from what you are saying, like many problems in academic life, it is largely a matter of definition. It depends on how large a boundary you are defining as the problem area you are going to focus on, because your proposal of economist group 2 really coincides. It can be seen to coincide with economist group 1 because you are still focusing on growth somewhere.

**Mr. Saumier:** Oh yes.

**Mr. Broadbent:** Then you are saying for a meaningful ADA program to take place at all, they have to be at least related, you are suggesting, to some nearby section that has growth as the main criteria.

**Mr. Saumier:** I should say that I am taking here the point of view of those economists who say that the primary purpose of an industrial incentives program is to stimulate economic growth. Some people may say that the primary purpose is to reduce unemployment, and that this is an objective which is self-contained and distinct from the purpose of the over-all stimulus of the economic growth. I do admit that at a given point we get involved in some very subtle distinctions indeed in this area, but the two purposes of stimulation of economic growth as such, and the absorption of unemployment can be seen conceptually as two distinct purposes. You can achieve one without necessarily in a way achieving the other.

You can have a high rate of economic growth without necessarily having a disappearance of unemployment, as we have in this country where for some years we have had a fairly high rate of economic growth, yet unemployment in the Maritimes has been fairly high. Or we can have the disappearance of unemployment by large-scale subsidies, for example, without in fact having high rates of economic growth at the same time.

**Mr. Broadbent:** Would you say then, Mr. Saumier, that there is no ADA program either in effect or contemplated which would not rely upon the concept and feasibility of economic growth as being part of it?

**Mr. Saumier:** Oh yes, this will definitely be a part of the new departmental program.



**Mr. Broadbent:** Thank you. I will leave that question. I have another one. This is about participation. One criticism that has been made of the variety of federal programs and, of course, it is made not only in this country but in others recently, is that of involving the people directly affected in some participatory way in the programs themselves.

• 1635

My first question on this is a factual one. To what extent have our programs done this, to try to really get down to the people that they are going to affect and bring them in. And related to that question, if this has not been done so far, are there any plans to do so?

**Mr. Saumier:** When you say our programs, do you mean the programs of the federal government generally, or ARDA and FRED?

**Mr. Broadbent:** Yes, take ARDA and FRED.

**Mr. Saumier:** Let me first start with the FRED program. If you look at the FRED legislation, you will see that participation of the citizens of the population in the planning and the implementation of any FRED plan is a requirement of the legislation itself. Similarly, in the ARDA legislation, the same emphasis is present, although it is not mentioned in such stern language as it is in the FRED legislation.

In the case of the various FRED agreements, in all instances we have tried to involve the population in both the preparation of FRED plans and their implementation. This flows not only from the requirements of the legislation, although this is a decisive incentive in itself, but it also flows from the fact that in practice you cannot change the behaviour of people by dictate. People change their behaviour to the extent that they want to change it and to the extent that they become aware of the realities of their situation. They analyze these realities and accept the theory and the fact that they themselves have to make certain changes in their behaviour or their ways of reacting to their own situation. So from both the legal and the practical point of view this kind of participation is critical.

When it comes to devising ways and means of achieving this kind of participation, I will say first of all that if there is an extremely complex problem, both theoretically and in

practice the consequence of this has been that we have tried, under the FRED legislation and the various FRED plans, various methods of involving the population, both in the preparation and the implementation of FRED plans. At one extreme, for example, we have had the Gaspé plan where over a two-and-one-half-year period, roughly \$2.5 million was spent in what is called the social animation exercise where there have been thousands, literally thousands, of meetings between the planners and various groups of the population on a sectoral basis, on a subregional basis, and so forth, leading to the gradual establishment of a very complex participation structure, the presence of which is recognized as such in the Gaspé FRED agreement.

At the other extreme we have had a situation such as the one in northeast New Brunswick in the Mactaquac, where the participation has been at a lower key level, less all-embracing and less all-extensive.

The purpose of this is essentially to try to arrive at some determination as to the best ways of approaching this problem. Whether we will ever arrive at defining one ideal method, I for one would rather doubt, because the kind of participation which is needed, the ways in which we secure this participation, is something which, I would think, will vary considerably from area to area and from time to time.

In the case of ARDA, as I mentioned when I answered a previous question, the actual implementation of the ARDA agreement is, in fact, a provincial responsibility, so that it is really up to each provincial ARDA administration to determine the ways in which it is going to secure this kind of public participation in the ARDA program.

In one instance, in one province there have been formed in all the rural development areas, ARDA committees composed of local citizens whose duty it is to conceive and recommend to provincial ARDA certain programs which they themselves perceive as being both necessary and useful. These recommendations are then taken into account by the provincial ARDA administration and are ultimately integrated in the provincial ARDA program.

So there again in the case of ARDA we have a whole range of situations varying from a very thorough and complete involvement of the population to different kinds of involvement from province to province.

• 1640

**Mr. Broadbent:** Thank you, Mr. Saumier. I was interested in this, and from what you say, the government does seem to be giving consideration to involvement. I was relying in my question on the Report of the Canadian Council on Rural Development, published this year. You are no doubt familiar with this report, and one of its criticisms was that there had not been much of an effort to involve local people.

**The Chairman:** Mr. Cyr.

[Interpretation]

**Mr. Cyr:** Mr. Chairman, my question is topical because it concerns the lower St. Lawrence regions, Iles-de-la-Madeleine and Gaspé and it bears on the manpower retraining courses.

There are pre-employment courses and retraining courses given in various parts of Canada according to section 94 of the Adult Training Act of May 1967. And just recently, the Chairman of the Regional Development Council for Gaspé and Iles-de-la-Madeleine and lower St. Lawrence, Mr. Claude Jourdain, Q.C. stated that the CRD had never been consulted on the retraining programs and pre-employment courses for the lower St. Lawrence and Iles-de-la-Madeleine and he referred to section 61 of this federal-provincial agreement which reads as follows:

Canada and Québec will increase their present efforts with regard to placement, professional training, living allowances, adult training programs and transfer grants programs.

In the administration section, as you know, there is a plan coordinator of the Administrative conference and the federal government has appointed an administrator for the plan. If the Chairman of the Regional Development Council for Gaspé blames the authority, I do not know what authorities, that the CRD has not been informed of these courses, or these training programs he is not being accurate. They have been informed in the wording of the Act, although this does not give them all the details.

The directors of the programs who are there, in the area—I do not mean that they all are provincial officers because you have mentioned just now that ARDA comes partly under provincial jurisdiction—they seem to blame the federal government for having reduced the funds for these courses in Gaspé.

Mr. Saumier, I would like you to tell us who is responsible, who determines the kind of courses and the places where these courses are held in each province and each region? And is the pilot area of Gaspé to be favoured, I do not mean to the detriment of other areas. The Minister of Manpower and Immigration has stated recently that “during the next five years, 89 million dollars will be spent on these retraining courses in Gaspé, in the lower St. Lawrence and the Iles-de-la-Madeleine”.

Would you be good enough, Mr. Saumier, to tell the Committee how this agreement on adult retraining courses and job-training will work and who will be responsible for it?

• 1645

**Mr. Saumier:** Mr. Chairman, this is quite a complex question because the agreement regarding Gaspé is very complicated. I will try to be brief and I will try to be clear and Mr. Cyr can interrupt me if he feels that my reply is not clear enough.

Let us say, first of all that Gaspé and Iles-de-la-Madeleine which I will simply call the Gaspé region, do not form a completely autonomous region. In regard to Quebec it is a region, and from the point of view of the federal government it is not a region in the same sense as it is for Quebec.

When you look at Gaspé on the map, it is a rather small part of the country, and the federal administration is not decentralized to the point of recognizing Gaspé as an administrative autonomous region in every respect.

This means that when the time comes to prepare the Gaspé share of the federal national programs such as the manpower program, we faced with difficulties which are fairly considerable although not insoluble.

In the case of manpower in particular, the existing mechanism is a federal-provincial organization which brings together the spokesmen for the federal government. These are, I think, the Minister of Education for the province, and the representatives of the Federal Manpower and Immigration Department who decide what courses will be offered to the province of Québec by the provincial government.

This is the level of government which offers the courses and engages teachers, except in a few special cases. And the federal Manpower Department will purchase a number of courses from the provincial govern-



ment in specified areas. The Manpower Department will purchase a certain number of courses from the provincial government, as provided for under the arrangements.

Now, the problem is to determine what part of the Federal manpower budget is available to Québec and what percentage of this provincial share can be allocated to Gaspé and what part will be devoted to the rest of the province. This decision is largely a matter for the provincial government as it has to do with funds placed at its disposal by the federal government.

Since the funds available determine what will be offered to how many people in Gaspé and how many people will take the courses in Lac Saint-Jean and Abitibi, or for all the areas in Québec, it is for the Québec government to decide. And this same procedure takes place every year. And now, we must introduce into this procedure, which is complex in itself, a special consideration affecting Gaspé. And the way to introduce this special consideration for Gaspé is now being developed. This is difficult from the point of view of the federal government as well as from the point of view of the provincial government because it implies the determination of priority to be given to Gaspé as compared to the rest of Quebec.

Everyone agrees that Gaspé must have a certain priority and this agreement is reflected in the FODER agreement regarding Gaspé. But the true nature of this priority and its concrete implications with regard to the retraining program for next year have to be worked out in detail. And now we are trying to establish a mechanism which will enable the provincial co-ordinator for the FODER agreement for Gaspé, to work with the federal-provincial Committee which draws up the manpower programs for the whole province, and to get in contact with this federal-provincial Committee before the latter starts to prepare the final draft of the programs of manpower training for Québec.

And then, the steering committee will be in a position to explain the needs of Gaspé to the other manpower Committee whose responsibility extends way beyond the Gaspé. Considerations are the rate at which other Gaspé development plans are proceeding. It will then be possible to report to the federal-provincial liaison committee for Gaspé planning. This operates at the highest level and includes senior officials of both federal and

provincial governments. The report shows the degree of co-ordination attained with regard to joint manpower plans and relative priorities.

#### • 1650

I should point out that there is a fundamental distinction to be made between ARDA and FRED. ARDA is a program which is administrated by the provinces and which is financed partially by the federal government. FRED is a joint program, a joint federal-provincial program and the responsibility for the application of the plan is a joint responsibility. In the agreement on Gaspé, in the first chapter on administration, it is made clear that the agreement is not administrated solely by the federal government but jointly with the provinces. And this is a fundamental distinction and I think, Mr. Chairman, that it is useful to point out at the present.

**Mr. Cyr:** Mr. Chairman, just a brief question, which calls for a very short answer. In order to answer the statement made by Mr. Claude Jourdain, recently, who is the president of the CRD, that the CRD has never been consulted on the pre-employment or retraining programs. In this lack of communication should it be attributed to the federal government and your Department, or as you have stated just now, the provincial government is responsible for those courses? If there is a responsibility, if there is a lack of information, who is responsible for this lack of information? Why did the CRD not receive this information and who is responsible for this? You department, the Manpower Department of the Provincial government.

**Mr. Saumier:** I would say, Mr. Chairman, that it is difficult to blame either party. First of all, the problem of structure which is being created between the steering Committee of the plan and the federal-provincial Manpower Committee; until this dialogue is completed, it is of course impossible to allow the CRD to have a dialogue with an organization that does not yet exist.

As to the federal-provincial manpower relations, I would not like to venture into areas which are complex and with which I am not completely acquainted myself, but I think it would be fair to say that the federal government and the Department of Manpower does not play a completely passive role. Of course it does purchase courses, but like any



other buyer, it reserves the right to say what goods it is going to buy, what courses there are going to be bought. The provincial government cannot come and say: "Here is the a set of courses, take them or leave them".

There is a dialogue to be established between both of them, and coming back to my business analogy it is up to the provincial government to propose the courses which it deems necessary and adequate in the circumstances. There must be an agreement. And this is a field where there must be a dialogue so that the machinery will work smoothly. And there must be harmony in this field.

My colleague Mr. Page is more conversant with these manpower courses perhaps. He might give details.

[English]

● 1655

**Mr. Page:** Mr. Chairman, I am sure my colleague, Mr. Saumier, has outlined quite accurately the general principles of the necessary dialogues that must obtain and the decisions referred to in the discussion with reference to the Province of Quebec in particular. There is indeed a well constructed and well functioning mechanism for this dialogue between the two governments.

[Interpretation]

**Mr. Cyr:** Thank you Mr. Chairman and Mr. Saumier.

**The Chairman:** Mr. Breau.

**Mr. Breau:** Mr. Chairman, at the last meeting, Mr. Saumier, you indicated when I questioned you with regard to the participation of the population, that in the northern part of New Brunswick, you made \$100,000 available and you said to the people: "O.K. There you go."

I agree with the principle that the population should participate. But is there any way, any means of control? Suppose that it appeared clearly that another type of participation would be better or supposing the organization which has received these funds either was not using them or is using the money for other purposes. At the moment, can you put a stop to it and say: "We will stop and give the money to no one?"

**Mr. Saumier:** Mr. Chairman, this is a decision which is taken essentially by the joint Committee which administers the federal-provincial agreement FRED or FODER for the

north-eastern part of New Brunswick. It is up to this committee to determine what is the structure of the dialogue. The agreement does include a cash grant I forget what is the total amount, it may be \$1 million or something like that, which is available to assist these participation structures. At the present time the organizations which are being used are the CRAN and NRDC. We have very close relations with these Committees and it seems to me that they are doing their job effectively under the circumstances. In the opinion of the joint Committee, these organizations have ceased playing a useful role, it would be up to the Committee to advise them accordingly and inform them the grant will be discontinued or reduced. This is a field where we must act with great circumspection to avoid the very appearance of trying to dictate to the local people how they are to organize themselves and how the organization's set up must act. And it is for this reason that the grants which are given to these two organizations are unconditional.

**Mr. Breau:** Mr. Chairman, another question. You have mentioned NRDC and CRAN. How can you—I do not know if you are on this Committee.

**Mr. Saumier:** Yes, I am the joint Chairman.

**Mr. Breau:** How can you conceive that in the field of economic development, that it is necessary to have an ethnic division because NRDC represents the English speaking population and the other represents the French speaking. This is not representing the region, the region is a unit and has no real division; does it simply mean having an English man at Bathurst and a Frenchman in another town. How can you justify these ethnic divisions? What difference is there between an Englishman and a Frenchman?

● 1700

**Mr. Saumier:** Mr. Chairman, I do not justify these divisions, I simply note that the two bodies exist in fact one of which says that it represents the French speaking population and the other says, it represents the English speaking population and that theoretically at least, these two organizations are working together could say that they represent the whole region. Now, it is not for me to decide as to the usefulness of two organizations or just one but the members of these two organizations, NRDC and CRAN, are aware of the problem. Their executive committees, I am assured, work closely together with other organizations.

**Mr. Breau:** For all the collaboration, there is a duplication of expenditures and a duplication of effort.

**Mr. Saumier:** That is quite possible.

**Mr. Breau:** I said how can you justify this situation? I do not mean you personally but the Committee. The very fact that it does not oblige them to merge is, I think, tacit justification of the existence of both the Indians, of Brunt Church for example, who are part of the pilot-region, could if they wanted, set up their own council—or any other group for that matter. Surely this could complicate everything enormously?

**Mr. Saumier:** Mr. Chairman, as we say in English:

[English]

"We will cross that bridge when we come to it."

[Interpretation]

The problem of participating structure is very complex and I do not think that it is up to the Committee to impose its wisdom on the local population and tell it how it should organize. Finally, if the population of the territory is poorly organized, it is the first to suffer from this, and our attitude is that we accept the organization which the population has established and to try to give this organization the means, the relatively adequate means of operation within the limits of the budget provided by the agreement and to hope in to the extent that there is a collective awareness of the problem in the area that finally this awareness will result in one single organization. But although this would be desirable to have just one unit, it is not up to federal-provincial officials to decide what should be done. It is up to the population itself to decide when this merger should take place; when it happens we will accept it just as we accept the present duplication.

**Mr. Breau:** We are speaking of the population, we are speaking of the two structures. There is no proof that any one of them represents the ideas of the population. We have no proof of this but the fact that the Federal Government pays a certain amount of money for the participation of the population, the fact is also that there is an ethnic division, a French speaking and an English speaking organization. But in my opinion it is not necessary. I think it is a duplication of effort and a waste of money and I am wondering

what justifies the Committee in accepting this because it is a fact that the Committee gives money to both. I think that it would be more effective to have just one organization, because there is no question of education here or anything else. Whether they are English speaking or French speaking people, if the region were divided, I think this would be acceptable but this is just one region. What I want to know is does the joint Committee have an opinion on this? Does it not make any difference if there are two structures, and don't they think it would be better to have just one organization? That is what I want to know.

• 1705

**Mr. Saumier:** The Joint Committee is concerned not with the abstract question of having one or two organizations. What concerns the Joint Committee is that there are means of communication between the administrators and the local people and, as I have already indicated, we think that it is up to the population itself to determine what methods of dialogue will be used. And then, one might wonder if the two organizations are representative. The problem of representation is in itself extremely complex.

Does this means, for example, that we should have general elections in the area to determine who are the representatives or, on the contrary, could we consider that the existing bodies, the municipalities, or intermediate bodies such as Chambers of Commerce are already representative of the population and that all we have to do is to ask them to delegate certain members of their organizations to these organizations and this is the formula which has been used by CRAN and by NRTC.

The CRAN executive for example, is made up of representants of the municipalities, the intermediate bodies, unions and various organizations which exist in the region. This group claims to be representative. So far, we have not had any representations from alternative groups, if you like who would come to the Joint Committee and say: Well, we consider ourselves to be more representative than such and such a body. If one day we have such representations, they will be looked into and studied and we shall see what are the arguments, the pros and cons, and from an administrative point of view, we shall have to decide which body is indeed the one that should be considered representative.



Now, Mr. Chairman, you will appreciate that it is not up to civil servants to go around the area and to promote the integration of these bodies. There might be some who are not far from here perhaps who could take care of these problems.

**Mr. Breau:** I did not say that, Mr. Chairman. I simply asked earlier on who decided where the \$100,000 or \$1 million would go. You said that it was the responsibility of the joint Committee. I did not say that you should dictate to the local people. I just questioned the fact that the Joint Committee had authorized a budget for two associations.

[English]

**The Chairman:** Mr. MacDonald?

**Mr. MacDonald (Egmont):** Perhaps I could give Mr. Saumier a bit of a rest by directing a few questions to Mr. Page.

To start with, could I ask Mr. Page where the NewStart areas are now in operation and on what basis they have been selected. I believe this program is in operation but really in very limited and selected areas.

**Mr. G. Page (Director, Experimental Projects Branch, Department of Forestry and Rural Development):** Yes, Mr. Chairman. The four areas in which NewStart corporations are actually in operation are in the county of Yarmouth, Nova Scotia with headquarters in the town of Yarmouth; in Kings County, Prince Edward Island with headquarters in Montague; in the city of Prince Albert with headquarters of course in that city; and in a fairly large region in the north easterly quadrant of Alberta with headquarters in Lac la Biche. I will now give you the basis of selection of these areas. It was made mandatory by the Cabinet, when deciding that this program should be mounted, that these areas should be relatively small as far as population is concerned—maximum in an area, about 25,000 souls, thus providing a manageable sample for experimental purposes. The areas selected must be within areas designated by the Department of Industry. They did meet the criteria discussed earlier today. Then in more particular and in relation to the provinces in which they are located now, the basis on which they are selected is that after discussion with the provinces the provinces then put forward a suggestion that has been well discussed with officials representing our minister prior to actually coming into official form as a proposal from the provinces. The

kinds of considerations that are borne in mind over and above the two major ones that I just outlined are as follows. Does the area possess the kind of problems that if solutions can be found it will be of real value if implemented on a widespread basis? Have the results general potential applicability to the problems of the province? Then, is there a range of problems over the total group? For example, it would be poor management, from the point of view of research, to select problems that had relatively identical parameters both in respect of the problem and the potential solution. Some of the other considerations are as follows. Is it likely to contribute best if the area selected for a NewStart Corporation is relatively free from other action programs, rather than experimental programs, that would in fact render it almost impossible to find out whether there has been a change because of the NewStart Program itself? These are the kinds of considerations.

• 1710

**Mr. MacDonald (Egmont):** In your designation of the places that are involved did you omit Kent County? It seems to me that sometime ago it was suggested a NewStart program was going to operate in Kent County.

**Mr. Page:** Yes, it is quite true that an agreement was signed by the Premier of New Brunswick, representing the Minister of Education, and by my minister about a month ago, and under the terms of that agreement there will be a NewStart Corporation operating in Kent County.

**Mr. MacDonald (Egmont):** The others are already in operation?

**Mr. Page:** They are, yes.

**Mr. MacDonald (Egmont):** And they have been in operation for a year or more?

**Mr. Page:** These four were incorporated late summer, 1967. For the next several months they recruited a core staff only to mount the inauguration of the experimental program, then during the next following few months they embarked on finding out really what the problem is as best as it could be assessed in a number of technical ways, and all four of them now are actively engaged in entering the operational phase. They have done the initial planning, they have done their exploratory kind of activities that are a prelude to true experimental programs and the four are now well into their experimental



programs. The numbers of people involved are not large in experimental programs. Bearing in mind that the total population in the Lac La Biche area, for example, is possibly 11,000, possibly 7,000 or 8,000 are disadvantaged by any generally accepted definition. It will be in the hundreds of people rather than thousands that are dealt with experimentally at any one time. This figure generally applies throughout the Program project by project.

**Mr. MacDonald (Egmont):** What is the significance of incorporation? I believe in each instance there has been a corporation established by provincial charter.

**Mr. Page:** Yes.

**Mr. MacDonald (Egmont):** What is the significance of that action?

**Mr. Page:** The significance of that new and unique institutional structure in federal-provincial co-operation is that there were a number of courses of action that could be followed theoretically in establishing a group of men and women to manage an experimental program concerned with the people or a sample of the people living in any one province. One of the ways would be to establish a federal crown corporation and with agreement from the province, establish it in the province. This, however, would not only provide certain inflexibilities but would, in fact, mean federal management of an activity that had in many ways considerable relevance to provincial prerogatives. Another way would be to do the reverse and just give a sum of money and statement of intent to a province and say, now you run with it, and you get the reverse situation.

• 1715

So, to provide for what I have been very happy to find a true partnership in this most important experimental program, the appropriate minister provincially and my Minister federally, in fact, are two of the signatories to an application for charter under provincial legislation to establish a corporation, not for profit, with the objective of conducting the program.

This provides not only for full participation by both partner governments in the sustenance of this, the moral and intellectual and related kinds of support for the program, but it results also in a corporation that has maximum flexibility and freedom from constraint from establishment kinds of pressures. It is

not part of the rigid structures of governmental or, in fact, of other kinds of established procedures.

**Mr. MacDonald (Egmont):** Is one of the reasons for this different criteria in terms of hiring practices? In what way are hiring practices being carried on under these NewStart corporations?

**Mr. Page:** Hiring practices, first of all, do not fall within the purview of the government at either of the two levels involved. Hiring practices are those followed normally by any private corporation where the board of directors does, in fact, establish a policy. The board of directors, of course, is appointed by joint agreement by the two governments, not some of the board named by one government and some by the other, but all of the board by joint agreement. The chairman of the board, who is the full-time staff member really in charge of the operation day by day, is named as the executive director only after agreement by the two governments.

**Mr. MacDonald (Egmont):** Have you found in any of the NewStart corporations in operation at present any concern or annoyance at the hiring practices being carried on by these NewStart corporations?

**Mr. Page:** I have heard of one or two instances of complaints that were easily answered by pointing out to the complainers the full facts of the situation. One of the essential characteristics that does affect the the employment problems of the NewStart corporations is the fact that by design they are in remote, difficult areas and the staff must move there with their families.

Another is that these experimental projects are quite deliberately terminal in nature. The executive directors have no authority to enter into any contracts for employment or any other fiscal commitment for more than three years, so this kind of consideration does, in fact, make it necessary to obtain sometimes a quite rare kind of professional talent at a salary that may superficially appear to be distorted but, in fact, is not.

**Mr. MacDonald (Egmont):** There is no job security as such, then, for the employees.

**Mr. Page:** None whatsoever.

**Mr. MacDonald (Egmont):** I see. Well, perhaps I will pass. I know that my colleague, Mr. McQuaid, who comes from an area that

has NewStart might like to ask some more specific questions.

**The Chairman:** Mr. McQuaid, will your questions take very long?

**Mr. McQuaid:** No, not too long.

**The Chairman:** The Committee did indicate some thought, I believe, that they would like to carry Vote 1 today to free them of time. Now, Mr. Smerchanski has to go to an Air Canada meeting and if it meets with the approval of the Committee we can go to a vote on Vote 1 now and then remain with the witnesses until all questions are satisfied. Shall Item 1 carry?

Item 1 agreed to.

**The Chairman:** Thank you very much, gentlemen. Shall I report it to the House?

**Mr. Broadbent:** I have a question, Mr. Chairman. If we vote on Item 1 now will the proceedings of the meeting still be recorded?

**The Chairman:** Yes, they will. It is just that we have carried the Item and we will report it to the House.

**Mr. MacDonald (Egmont):** As I presume this will be the last formal action taken by the Committee on these estimates, I wonder whether I could raise two or three things that I feel are important in terms of the future work of the Committee, and perhaps just throw them out now for consideration and later they could be discussed.

• 1720

I think it is important that the Committee meet as soon as possible in the new year. Since there may be some delay in getting the new estimates, could we ask to have the report of the Department, or various reports of the different segments of the Department, referred to Committee early in the new year so that we can continue the work of the Committee?

I think there are two fronts on which we might want to do some work even prior to the final resolution of the legislation.

**The Chairman:** Mr. MacDonald, I think that has been the underlying thought through all the discussions we have had and certainly, speaking for myself and, I think, probably for Mr. Broadbent of the NDP and obviously now for you, we will be more than anxious to get together and program something so that we can start immediately we come back in January.

**Mr. MacDonald (Egmont):** Then could we simply put in our report to the House that we request leave of the House to have the report of the Department referred at the commencement of the session in January? I think we should put in something like that. I know other committees have done this in order to point up the fact that they are desirous of meeting at an early stage.

**The Chairman:** Let us qualify that. If the new Department is, in effect, approved by that time, fine and dandy; otherwise I take it you are referring to Forestry and—

**Mr. MacDonald (Egmont):** The report of the Department of Forestry and Rural Development which is, I presume, the department we relate to at this stage.

**The Chairman:** Let us try to get it. If it can be done we will do it. I do not think there will be any snags, but I say that out of some inexperience and I would not like you to think I am going to go back on my word if it is not possible.

**Mr. MacDonald (Egmont):** No, no; it is just a matter of procedure and whether we put this in the report.

**Mr. Honey:** On that question, Mr. Chairman, as a suggestion if we said, "the Committee on Forestry and Rural Development and/or its successor", I think that would cover it.

There is one other point, Mr. Chairman. While we have a quorum and very briefly, you will remember that our Vice-Chairman was Mr. Cyr but because of the need to maintain a quorum in his unavoidable absence one day he was replaced on the Committee. I understand the legal effect is that he is no longer the Vice-Chairman. I think our Committee should submit its final report with Mr. Cyr reinstated in the position of Vice-Chairman and if it is in order, Mr. Chairman, I move that the Vice-Chairman be Mr. Cyr.

**Some hon. Members:** Agreed.

Motion agreed to.

**The Chairman:** Shall I report the estimates to the House subject to your addition, Mr. MacDonald?

**Some hon. Members:** Agreed.

**The Chairman:** Thank you very much, gentlemen, and I hope you have equal success at Air Canada, Mr. Smerchanski.



**Mr. McQuaid:** I think Mr. Smerchanski has a question to ask before he leaves and he is in a hurry to go.

**Mr. Smerchanski:** There are two points on which I would like a little clarification. Under the present FRED program, do you make any allowance for any of the urban centres to receive some of the funds that are made available in order to have an impact on the surrounding region as you initially outlined?

**Mr. Saumier:** Yes, indeed, Mr. Chairman; for those urban centres that are within the FRED area we do make allowances for that fact.

**Mr. Smerchanski:** In other words, if they are going to instal water or sewage, funds are made available to these urban centres?

**Mr. Saumier:** Well, this varies from case to case but in some cases they are, and these problems generally have been taken into consideration.

**Mr. Smerchanski:** Is my understanding correct that there is a federal-provincial committee that reviews all the ARDA projects as well as the FRED projects?

**Mr. Saumier:** Mr. Chairman, the ARDA situation and the FRED situation are two quite distinct situations. Let me put it this way; in the case of FRED there is a federal-provincial committee that reviews all FRED projects and meets twice a year for each FRED plan. In the case of ARDA in most provinces there is a federal-provincial ARDA committee that meets once or twice a year to review a number of ARDA projects, but most ARDA projects are handled in a purely administrative fashion without having to be referred to a joint federal-provincial committee.

• 1725

**Mr. Smerchanski:** Thank you so much.

**Mr. McQuaid:** Mr. Page, in talking about NewStart you described it as an action program, I believe, and you said that it was now beginning to enter the operational stage. Last summer in the Kings area you had a virtual army of young men and young women going about the area questioning everybody, I believe, seven years of age and over and in many cases the questions were silly, in my opinion at least.

In some cases the people questioned refused to answer and turned your question-

ers away. Now, I am interested in knowing what you are doing with this tremendous volume of information you must have gathered, what use you propose to make of it and when this NewStart is really going to get into its operational stage. In other words, when are we going to see some effects from the money that must have been spent in the Kings area, anyway, last summer?

**Mr. Page:** Mr. Chairman, it is quite true that a good deal of data is required concerning any adult before one intelligently can plan a program to be of any assistance in the development of that adult or, saying it another way, in helping to remedy whatever his deficiencies may be that prevent him from stable and rewarding employment.

I have no knowledge of an army of interviewers; there was a small number of interviewers engaged in interviewing adults in the county referred to. It may be quite true that there have been occasions when a person being interviewed, particularly a disadvantaged person who is not aware of the value of a variety of information, might not have understood and might have resented questions or, in fact, the manner of questioning.

I know that the Executive Director and staff of Prince Edward Island NewStart Corporation have made every effort to train as best they can the indigenous people employed as interviewers. I am also aware that there have been some instances where there has not been complete understanding by some adult here or there of the full intent of this kind of approach.

Now, what is going to happen to this mass of data? It is quite true, Mr. Chairman, that there is a good deal of data. There is also a good deal of data about other aspects of the situation in that county, a good deal of data about the economic opportunities in the county and, indeed, in the province for the disadvantaged population in the county who, if they could be motivated and prepared for the opportunities, might well achieve a way of life, an income level and an employment situation that would be vastly more gratifying and, indeed, superior in every way to how they are now living.

Concerning the question of when we are getting into action, the program is, in fact, in action in Kings County. Numbers of adults are being counselled, numbers of adults are being trained. The kinds of things that the adult is being helped with are certainly broad.



The deficiencies, or deficits, of an adult may start with the very simple deficit of not really knowing what to do about his situation. Information he may not be aware of, or know how to obtain through some very simple act on his part, may help rectify his situation.

• 1730

This may range, through the gamut of disadvantage, to the person who has a deficit in almost every column of his social and personal bookkeeping. He may have an educational deficit, on he may have the deficits—that are very real—of unfamiliarity with the work environment and the requirements of work.

He may have deficits that, in fact, tend to have him and his family rejected by the community at all levels. He may have motivational deficits that are probably more severe than his training or educational deficits. He may have absolutely no desire to do anything about his situation.

**Mr. McQuaid:** What are you doing about it, Mr. Page? We know there are some deficits there, and you have enumerated them, but you have completely skirted the question I asked you. My first question was on what you are doing with the tremendous volume of information that you must have gathered, and my next one was on what you were doing to correct the situation?

You say you are training people. How many are you training in King's County at the moment?

**Mr. Page:** King's County at the moment has probably 88 adults in some form of program.

**Mr. McQuaid:** What types of programs?

**Mr. Page:** These are experimental programs that these people are engaged on, and I will just refer to the plans of that particular corporation.

One of the first programs is in the development of achievement motivation—the kind of action that has to be taken by a man or a woman to take the first step into a self-improvement program, and the development of this achievement. This kind of program requires a very intensive counselling process.

**Mr. McQuaid:** Mr. Page, before you get too far ahead of me, would you just tell me what you are actually doing about the development of achievement motivation?

**Mr. Page:** I, sir am not doing anything. Prince Edward Island NewStart Corporation

has a trained staff who are involved in reacting with selected members of the disadvantaged population to help them, on the one hand, to understand their own situation and on the other, how it is within their grasp, if they do certain things, to achieve a different situation for themselves.

**Mr. McQuaid:** Have you any idea what P.E.I. NewStart is actually doing? Do they report to you?

**Mr. Page:** Oh, yes, I have reports from them.

**Mr. McQuaid:** What are they doing on this at the moment, Mr. Page?

**Mr. Page:** Mr. Chairman, I have just said that they have a staff, expert in the field of motivation and counselling, working with selected individuals to attempt to develop achievement motivation.

**Mr. MacDonald (Egmont):** Give us an example. That is what we are looking for. These terms are wonderful, but they do little to clarify what exactly is happening in this particular NewStart program.

**Mr. McQuaid:** We would like to know, Mr. Page, exactly what concrete things are being done in King's County to improve these many disadvantages that you outlined a few minutes ago? We know they exist and we are interested in overcoming them. We thought that NewStart would perhaps be the answer, but I am terribly disillusioned.

**Mr. Page:** Mr. Chairman, with respect, NewStart has had no time to disillusion anyone. As I said earlier, it is just developing and applying its first round of experimental programs sir.

**Mr. Broadbent:** What is it doing with the Indian people, Mr. Chairman?

**Mr. Page:** For example, some of the people are being counselled intensely by trained personnel in an effort to have them take the first step forward into some formal program that will give them the skills and attitudes they now lack.

Another project is in experimenting on ways of providing basic adult education to overcome the specific lacks in communication skills and mathematical skills on which these people, if they are to achieve anything, may build an occupationally viable knowledge that can be sold in the labour market place.

• 1735

**Mr. Broadbent:** Mr. Chairman, to come back to my first point, what is being done? What techniques are being used? Do these people have group-therapy sessions, or do they meet with counsellors for two hours a day? What is actually being done with these people?

**Mr. Page:** The range of experimental approaches is wide, Mr. Chairman. Very little so-called group-therapy is being used.

**Mr. MacDonald (Egmont):** There is some, though?

**Mr. Page:** There is some.

**An hon. Member:** Is there?

**Mr. Page:** And it is not group therapy; it is the group motivational technique. Therapy implies illness, Mr. Chairman, and we certainly have not adopted that stance.

**Mr. McQuaid:** How are these guinea pigs picked out? Who do you choose to work on?

**Mr. Page:** Mr. Chairman, disadvantaged adults have not been referred to in our program as guinea pigs. We, I think, take a rather more humanistic view of our good friends in Kings County.

**Mr. MacDonald (Egmont):** What sort of a view?

**Mr. Page:** We take a humanistic view. If I may go back one step, Mr. Chairman, when you do find out a good deal about a person you end up with a profile of what are his major characteristics—his strong points and his weak points. He may have very fine motivation but be lacking in the types of skills one learns in an educational program.

Another person may have great weaknesses in attitudes, in motivations and in social behaviour, and may have great strength in other areas.

You get profiles of people. You have a behavioural description relative to employment opportunity—what a man must be able to do to hold down a job and relate to the situation around it. On the one hand, you have the present profile of the person, and, on the other, the desirable profile. There are a number of points that have to be looked at.

Then, in selecting those who are to be involved in experimental projects it is usually good experimental procedure to find a sample of, say, a dozen or twenty people with a comparable set of profiles—weaknesses and

strengths—and put them through experimental programs to help motivate them; or possibly, with another group with weaknesses in basic education, to try some new and different ways of teaching basic skills; or possibly another group may have less disadvantage and really require just occupational skills.

**Mr. Broadbent:** Mr. Chairman, in effect, I think the witness is going over territory that has already been covered.

I am genuinely interested in the kind of techniques you are using. When I mentioned group-therapy I was not being too serious, but do you not use this kind of technique in a serious way in motivating people? You say you are using something analogous to it, but you do not want to call it therapy. What else are you doing?

**Mr. Page:** The range of experimental methodology being tested is rather broad.

We could probably find six or eight different ways of attempting to teach basic mathematics, for example, to target populations. For example, in the Lac-la-Biche project a high percentage of the disadvantaged population have Indian and Metis characteristics. They have a much less attention share. For these people we are trying twenty minute exposures to teaching situations.

In Yarmouth County they are using some rather sophisticated teaching laboratories for multi-media exposure, where they have an almost completely responsive environment in which adults can probably learn in a week, or two weeks what a child would require six months to learn. This is done through a complete involvement in the learning process.

There are very, very few curricula available in the kinds of skills that are required to help adults manipulate through the labyrinth of society, for example. They do not know how to fill out an application for a driver's licence, and many things of that elementary nature.

• 1740

This is the kind of device that is actually used in the teaching process. They will say, "Why should I learn to write?" and they are shown the kinds of things they have to do, and are taught to do them.

In other areas, where the history of the people is different, one can use a much more sophisticated initial approach.



**The Chairman:** But you would not have to do that relative to the 88 in Kings County, would you? You are speaking of just the one situation, or is it the same down in P.E.I.?

**Mr. Page:** I do not have before me the results of these rather extensive surveys of the human resources in Kings County, Mr. Chairman, but there is a fairly high proportion of people with functional illiteracy.

**Mr. MacDonald (Egmont):** What does that mean, Mr. Page?

**Mr. Page:** Functional illiteracy means, in practice, the inability to manage the basic computational and communication skills necessary to operate in what might be called a normal work situation.

**Mr. MacDonald (Egmont):** Grade 8, or less—is that the criterion?

**Mr. Page:** Mr. Chairman, if they leave school at from Grade 4 to Grade 6—and the adult, of course, has left Grade 4 to Grade 6 some years ago—there is considerable regression.

This is not said in any unkind way about any one part of Canada, but the facts are that the last survey of the total population of Canada showed that in the neighbourhood of 10 per cent of the Canadian population were, by most accepted definitions, functionally, illiterate. That means leaving school at about the Grade 4, 5 or 6 level, achieving an adult chronological status, and facing life with that poor preparation.

**The Chairman:** Generally, Mr. Page, do these 88 people have something less than Grade 4 or Grade 6 education and are you trying to bring them up to a level?

**Mr. Page:** Not all of them, sir.

**The Chairman:** No; but generally speaking? I do not want to be specific. I am thinking primarily of the 88 people, and trying to get something specific on what you have to do. If, as you say, they have something in the order of a Grade 4 education I can understand the problem.

**Mr. Page:** Yes, this is a fair proportion of the group.

There is another and larger group, in the disadvantaged segment of our population than in the middle class, and that is where you have a female-head-of-household situation, where the mother was either deserted, or

divorced, or in some cases not legally married, but still has a family responsibility.

How to prepare that person for, and maintain her in, a productive work environment is another kind of problem. It may not be related solely to functional illiteracy. There may be a number of other problems that that lady has to face to get her into a work situation.

Agriculture is, of course, quite important in the county of Prince Edward Island that we are discussing. There are a number of low-income, disadvantaged farmers engaged in basic farm operations. Some of these are very likely functionally illiterate, with farms that are considered not to be viable at all. How does one help educate that particular gentleman to do something about his situation rather than just hang on to a continuously declining small farm operation? Naturally this is a problem that is not just a NewStart problem but no program in Canada has yet found the answer to how to work with the small farmer. It is definitely uneconomic and becoming more so. What is there to do about it? I know that there are other people in Prince Edward Island interested in this kind of problem. I know that the plans that are now under discussion for the total development of the Island involve this kind of discussion. But it is through NewStart that hopefully methods of actually working with the farmers involved in that kind of problem may be developed and improved.

• 1745

**Mr. McQuaid:** Mr. Page, NewStart has a school set up in one of the areas in Kings County that I am particularly familiar with. You have going to this school men ranging in age from 25 to as high as 60 years of age. Some of these men whom I know are between the ages of 40 and 60. They may be what you describe as functionally illiterate. Do you honestly think that a man in his early 50's who has not progressed any further than perhaps grade 3 or 4 in school at the time when he was capable of learning is now at a stage where he can learn very much or grasp very much out of this program? Do you really think that you are accomplishing very much by sending that man back to school today for a few months in the winter?

**Mr. Page:** I think, sir, that I would be intellectually dishonest to suggest that I know that a man at any age can or cannot learn. I



think this is one of the things that hopefully we will learn more about with experience. But I would like to suggest, Mr. Chairman, that any of the people in this rather mature age group involved in a teaching-learning process are there because they are convinced that there is a real objective for their participation; that there is something that they can benefit from if they do learn. I am not familiar in detail with the precise objectives of the course referred to by the speaker, but I am quite convinced that the objectives are related to the improved situation of the men involved.

**Mr. McQuaid:** I understand, Mr. Page, that you pay them for going to school. Is that correct?

**Mr. Page:** No, sir. NewStart Corporations do not pay people for going to school. The NewStart Corporations use precisely the same scale of allowances calculated as replacement income for adults learning in the NewStart situation as an adult referred for training by the Manpower Centre.

**Mr. McQuaid:** And that scale, I understand, is somewhat above what that man would ordinarily get if he were home drawing Unemployment Insurance.

**Mr. Page:** It may well be, Mr. Chairman, that a man who has a low rate of Unemployment Insurance benefits might indeed, if the provincially and federally agreed scale of OTA allowances for that province is larger, take home more money as replacement income while participating in a learning process than he would in a complete welfare situation. This may well be.

**Mr. McQuaid:** Is this man given any progressive tests during this course? For example, is he tested every week or month to see if he is really absorbing anything? And if it is found that he is not progressing, is he asked to leave? Have you any system of that kind?

**Mr. Page:** There is indeed, Mr. Chairman, a well-developed system of evaluation associated with all of the programs, all of the projects. I share the concern of some of the speakers this afternoon as to whether this will really work. No honest person could predict whether in fact all of these experimental programs will pay off in real better methods. It is very hopeful, sir, that a number of them will. The evidence before us of the failure of

the existing methods for upwards of 20 per cent of our population is abundant. This effort is to try to do better. Therefore extreme care is being taken to set up procedures for evaluating every component of every project. And I may say, sir, that as a scientist I am equally pleased to learn from failure as from so-called success. If in fact the project referred to in a question earlier this afternoon indicates that it is actually a waste of time and money to apply technique A or B to people in their later maturity, this is very valuable because right now nobody knows whether this is in fact a waste of time and money. We would like to find out.

• 1750

**Mr. Broadbent:** Mr. Chairman, do we have any reports coming out of similar American projects? Has the federal government of the United States done any of this, for example under President Johnson's recent, lamented war on poverty?

**Mr. Page:** Mr. Chairman, I may take at least two minutes and possibly three to answer this question because the war on poverty was in the billions of dollars and deserves more than a few words.

**Mr. Broadbent:** We could get into a debate on that but we will not.

**Mr. Page:** The war on poverty started off by a good deal of program involving the less advantaged population of the United States of America. I have made it my business for my staff and me to become quite familiar with the operations of the major programs in the United States of America under the general title: War on Poverty. We have observed their successes, their failures, and we have in fact learned a great deal about what might be practical from the point of view of the Canadian operation.

One of the things that did not seem to be built into the early experience in the other country is the factor of how best to solve this problem of knowing whether it is worthwhile to spend time and money on people at any age to teach them anything and, if so, how do we best do it? This research component was lacking. I have been told, although I have no official knowledge, not being a servant of the other government, that there were large sums spent on programs that might have been better in result if there had been some experimental work done in advance. With this in mind I know that there was an operation

mounted not too many months ago to look backward into the programs, the many, many programs, and see what had worked and try to evaluate in some scientific way really what was the best or apparently the best way of handling problem A, B or C.

There have been some new departures in research very comparable to our Canadian program mounted, but they are in the same initial stages of program development as we are. But you may be sure, Mr. Chairman, that where there were appropriate lessons learned, we made it our business to find out about them and not invent the wheel again.

**Mr. Sulatycky:** May I go back for a minute, Mr. Chairman...

**The Chairman:** Just before you do, Mr. Gauthier has been waiting patiently.

**Mr. Sulatycky:** I am sorry.

[Interpretation]

**Mr. Gauthier:** Thank you, Mr. Chairman. I have a few questions to ask Mr. Saumier—I had several questions, but many of them have been answered. My question relates to the contributions, the federal contributions in the various projects, in percentages, at the level at the pilot-projects. What is the percentage of the federal contribution to programs, pilot projects, in the designated regions, and in others? Does the present act authorize a uniform contribution for all projects or does this vary according to the project?

**Mr. Saumier:** Mr. Chairman, if Mr. Gauthier is questioning with regard to the ARDA projects as such the federal contributions to ARDA projects are detailed in the ARDA-Federal-Provincial agreement which contains sections with regards to soil conservation, the drainage, etc. ... And, in each of these sections, there are research programmes also, in each section the percentage of the Federal contribution is set out very definitely. And this percentage is about 50 per cent in general. Although it varies from 25 to 75 per cent.

**Mr. Gauthier:** Does it ever happen that certain regions, that pilot regions are not included in the contributions. Do you determine this?

**Mr. Saumier:** Mr. Chairman, I think that the member is referring to FRED, for instance the Gaspé project.

• 1755

**Mr. Gauthier:** Yes.

**Mr. Saumier:** As I have pointed out just now, as in the case of ARDA projects, the contribution is set by the agreement and it does not vary from one province to the other. It is a uniform agreement with all provinces.

In the case of FRED projects, such as the Gaspé project, the FRED Act does not specify the amount of Federal contributions for the various projects. So that the amount of the federal contribution for various projects, for FRED development programs, is set out when the agreement is signed. And, it can vary from one case to another and there are variations.

**Mr. Gauthier:** And it is determined by both.

**Mr. Saumier:** It is determined through negotiations between the two governments.

**Mr. Gauthier:** Thank you very much.

[English]

**The Chairman:** Mr. Sulatycky.

**Mr. Sulatycky:** I was quite satisfied with the answers you gave to the questions asked by Mr. Broadbent but a hypothetical situation came to my mind. I am wondering, bearing in mind the two theories you discussed, how you would apply either one of these to this hypothetical situation.

This is a situation where we have a resource area, point A, and let us say point B, which is a growth centre which is adjacent to one extremity of this resource area, and a point C, which is not a growth centre but is adjacent to the other extremity of this resource area. Point B, the growth centre, is dependent on an industry which is based on the resources from area A and point B is not in a designated area. Point C is in a designated area. Are you going to allow an industry to take resources from this area A and thereby deprive the established industry at point B of these resources, thereby creating a regressive situation at point B?

**Mr. Saumier:** Mr. Chairman, if I may be permitted a general comment, my experience with hypothetical situations is that usually the person who raises the hypothetical situation has already a conclusion in mind which he wants to draw from this example.

**Mr. Sulatycky:** You are very right.



• 1800

**Mr. Saumier:** And I must confess that there are a number of conclusions that one could draw from the example that you are putting forward. Trying to elucidate the present status of ADA, I would like to state here that my familiarity with ADA does not come from the fact that I am intimately associated with this program but from some knowledge I have of it. I am not sure whether an area can be designated if unemployment is anticipated or whether it is just the reverse. I am quite sure that an area can be dedesignated when a favourable employment situation is apparent. I do not think the other case applies. All I can say, Mr. Chairman, is that this kind of problem, which is real and I do not want to minimize the reality of it, is precisely the sort of instance that we are now examining in the review of the various pieces of legislation which the new Department now administers with the hope of arriving at a situation where this kind of issue will be dealt with adequately. You will appreciate that it is very difficult to give a more precise answer to this in view of the general nature of the example. A general example calls for a general answer. If the example was more detailed, the kind of industry and so forth, then it might be possible to be a little bit more precise.

**Mr. Sulatycky:** I will be a little more specific. The area "A" is an area of timber resources, and in growth centre "B" there are now three sawmills which rely on the timber from area "A". At point "C", which is a very, very small community, not really within the same economic area as point "B"—it is in a designated area—a large pulp and paper company wishes to establish a pulp mill based on the resources from area "A" and has entered into an agreement with the provincial government involved whereby the three lumber industries at point "B" will be deprived of much of their timber reserves which will then be given to the pulp and paper mill which has been established at point "C", even though the pulp and paper company involved would, under normal economic circumstances and aside from the artificial inducement of the ADA program itself, establish at point "B", the growth centre. It is a serious situation and the present criteria just do not cover it. Are you giving consideration to such situations and ensuring that they will be adequately covered?

**Mr. Saumier:** Yes, indeed.

**Mr. Sulatycky:** Thank you.

**Mr. MacDonald (Egmont):** If I could just go back a stage for two or three questions. In all of the discussion you had earlier, Mr. Page, it seemed to me as if you were operating on one basic assumption, or at least it seemed to be the dominant assumption, that the individual in the situation you referred to as disadvantaged was really the crux of the problem. Does this mean in effect that NewStart does not have the authority to examine the total situation in attempting to deal with it? Does NewStart attempt to affect the economic situation as it exists there? In other words, the system itself may be at fault as well as the individual. Is this part of the purview of NewStart?

**Mr. Page:** No, Mr. Chairman, NewStart is by definition of the government of Canada concerned with the experimental development of methods of helping to motivate and prepare disadvantaged people for stable and rewarding employment.

Mr. Chairman, the basic tripod of any total socioeconomic development is human resource development, capital; and natural resource development, capital and technology, and the natural resource development. This series of experimental programs is concerned with the first leg of that three-legged stool: how best does one manage the problems of human resource development particularly with reference to the disadvantaged population?

**Mr. MacDonald (Egmont):** As you and I both know, Mr. Page, a tripod would fall immediately were it to be standing on only one leg, and what I am concerned about is how is a tripod going to stand in Kings County or Lac-la-Biche or Yarmouth County or Kent County or Prince Albert if the other two legs of the tripod are not dealt with in some equally effective way?

• 1805

**Mr. Page:** The total socioeconomic development of any one of these areas is not the concern of NewStart and there is every reason to believe that if nobody paid any attention to the other two there would be some problems. However, our experience to date indicates that even in the areas that are considered disadvantaged as areas economically, where there are employment opportunities the population that is the concern of NewStart would normally be by-passed in this opportunity for growth.



I know of areas where, for example, large segments of the population are disadvantaged and, because there is no way of helping these people prepare themselves for employment when there is an economic development of some kind, labour is brought in from somewhere else and these people are still reinforced in their poor situations.

It is quite true that NewStart just cannot close its eyes to these other two legs. NewStart has to work with employers in finding out in a sensible fashion what are the employment opportunities likely for these people if they can be helped, and design its experimental programs realistically with real employment goals. If for example out-migration to somewhere else is part of the answer, that is part of NewStart's program too, by definition.

**Mr. MacDonald (Egmont):** Would you say that the primary objective of your program is to have these people usefully employed within the area?

**Mr. Page:** No. Mr. Chairman, the objective is to prepare these people for employment, "period". Where they are employed is normally dictated by the larger swings of the pendulum that affect development in regions and sub-regions.

**Mr. MacDonald (Egmont):** I would like to switch to another area. In regard to these 88 people who are involved, how many people are employed by NewStart in Kings County in the capacity of working with these 88 in whatever forms of activity are being carried on?

**Mr. Page:** In Prince Edward Island NewStart has a total staff of 40 people at the moment. Of these possibly half are engaged actually in experimental programs. The rest are the corps staff and the people who prepared the basic surveys, based on data received from these, designed the experimental courses, designed the methods of evaluation of these programs and are engaged in that kind of related management activity and research activity. One thing I must point out is that because these are private corporations in every sense of the word, they must administer themselves; they must have their own accounting staff and personnel and the whole mix of management that is required, as well as those people on actual experimental programs.

**Mr. MacDonald (Egmont):** What will become of the data that you have gathered already and the data that will become available as you carry on these experiments? For instance, will it be circulated to other departments that will be concerned because of having involvement in similar or related areas? Will you be publishing them so that these will be publicly available to other industry outside of government that could make use of this data, or to educational institutions that are not directly related to the federal or provincial government structures?

• 1810

**Mr. Page:** Mr. Chairman, if it is not trite as a public servant to say I am glad that you asked that question, sir, you have in fact answered most of the question.

NewStart itself has the responsibility of the development, the validation of methods that seem to be better than any now available. Part of its responsibility is to close up shop when it is finished its job, but before closing up shop it has a major responsibility of ensuring the widest possible dissemination to all levels of government and other agencies concerned with the potential application of these methods.

**Mr. MacDonald (Egmont):** Will they be published publicly as well?

**Mr. Page:** There is provision in every agreement that has been entered so far, Mr. Chairman, between my Minister and the appropriate provincial minister for the publication of all experimental results with the restriction that the ministers must approve the publication because in some cases there may be violations of individual privacy which would have to be removed.

**Mr. MacDonald (Egmont):** I can very well see that but it is a matter of not only usefulness of the material but also of the public knowing whether this has been a project worthy of public moneys.

This brings me to my last question. Because of the nature of this very interesting project, why has there not been more open involvement of universities and other institutions that have usually been looked upon as providing some area of research in these fields? I am wondering why the government felt it was necessary to mount a kind of government-owned and operated project of this kind rather than engage certain university

research centres to carry this on, realizing that sometimes we can get more for our money that way. It seems that when the government is doing it, rightly or wrongly, people come to expect that it has a lot more money to spend than other institutions which may operate on more limited budgets. Why were foundations or independent research centres of universities not more actively engaged in this important work?

**Mr. Page:** I cannot give a definitive answer, Mr. Chairman, to all of the considerations that must have been involved in these early decisions but I can venture some suggestions that might lead to justifying the course of action that was decided upon by Cabinet.

First of all, there has been maximum involvement of the very limited professional capability in Canada in the number of disciplines involved in studies of human behavioural change. Part of my initial activity, Mr. Chairman, in this whole field was to try to locate the centres of excellence in the fields of action research relating to social and human behaviour. They are very few, sir. Where they did exist they were involved. I could cite a long list of examples. We have had numerous contracts, each one of a rather small nature, but by design testing professional competence in fields related to our program. The results, Mr. Chairman, have been that where there is competence we have related to it in very real ways; that is, from the point of view of the office which I direct. A really fine example is that one of the problems, which is not training in the formal sense but is probably even more critical to the stability of employment, is a person coming from a situation of underemployment—at the best seasonal work and this sort of thing—into a continuing work environment. There are many instances on record of people who have been taught to weld or taught to do this or that, being put into an industrial operation and lasting probably until noon on the second day.

They resent being told that they must come in to work every day. They are not prepared for this discipline. The inter-personal relationships in work situations are new and different and rather frightening for people who have never experienced them, for example, being told when to eat and when not to eat. It may sound silly to the middle-class type of person, but to a person who has had to make his own decisions with complete freedom from any supervision, it is hard to take. One

of the best jobs we have had done for us at the national level in this program is by a group of social scientists at McGill University. We have had many other university studies made for us and these are all fed into the program.

#### • 1815

I have been using the word "evaluation". Certainly there is a good deal of money being spent in experiments by these special corporations. The money would in fact be spent to little advantage unless proper evaluation techniques were built in right at the beginning of planning so that everything that was done was properly evaluated.

We have had to go to universities and other authorities in this country and indeed in other countries, and we have found that world knowledge in this area is reasonably rudimentary. We in this program have been breaking ground that has not been broken by other agencies in most of the world. I have had a very international experience in these matters, and even now this week there is meeting in Paris a permanent panel on the evaluation of adult literacy programs, for example, eight or nine of the best men in the world.

We have a research consultant there and his word to me by cable just the last few hours was that Canada appears to be in the forefront of development of new knowledge in these fields. So we are involving universities, we are involving whatever capability there is in this country to help as an input into this problem, both at the national level and at the level of relationships between the universities adjacent to the areas. It is a long answer sir, but I think I think it was an important topic.

**The Chairman:** Thank you, Mr. Page.

**Mr. MacDonald (Egmont):** I will conclude by saying that I think some of your arguments could have been used equally well on the other side of the question, suggesting that if there were such kinds of work being done we might have more efficiently used the national resource in directing projects of this kind through these agencies, but I do not want to get into a long discussion on that at this point, especially at this hour.

Might I suggest, perhaps to you Mr. Chairman, because of the importance, as expressed by Mr. Page, of this project and in view of

the possible significance of its ground-breaking quality, that it would be very useful for members of this Committee if we could have in some detail an evaluation to date, if you like, plus some fairly specific descriptions of what is being attempted in the various areas.

I think there has been almost a vacuum of information about this. I do not blame this on the witness because I am sure that he has been heavily involved in tooling-up this operation, but I think in view of the importance of this work that if we could have this submitted in some written form without requiring the witness to come here and spend hours and hours putting it on the record informally, I think this would be very useful. I do not want to ask him to do a job that maybe goes beyond his time. I am sure it is not behind

his ability, but I think it could be very useful to the Committee.

**The Chairman:** We will try and get one for your Christmas stocking.

**Mr. Page:** Mr. Chairman, if I may comment on that request, we will be having in the new year the first set of annual reports on progress to date from these corporations, but if it would be of any assistance to the Committee I could ensure, sir, that you are provided with an adequate description of the concept of the whole program and possibly a thousand-word abstract of the approaches being used in each of the four corporations.

**The Chairman:** I think that would be quite sufficient, Mr. Page. I think it would be valued by the Committee. Thank you both, Mr. Page and Mr. Saumier.

---







OFFICIAL REPORT OF MINUTES  
OF  
PROCEEDINGS AND EVIDENCE

This edition contains the English deliberations and/or a translation into English of the French.

Copies and complete sets are available to the public by subscription to the Queen's Printer. Cost varies according to Committees.

Translations under the direction of the Bureau for Translations, Secretary of State.

ALISTAIR FRASER,  
*The Clerk of the House.*



HOUSE OF COMMONS

First Session—Twenty-eighth Parliament

1968-69

---

STANDING COMMITTEE

ON

REGIONAL DEVELOPMENT

*Chairman:* Mr. JOHN MORISON

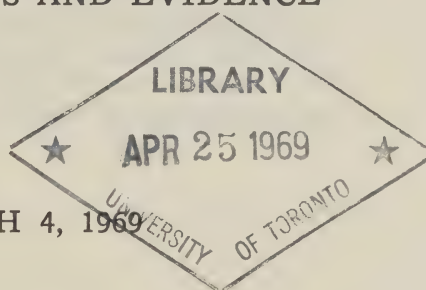
---

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

---

TUESDAY, MARCH 4, 1969



---

Estimates (1969-70) of the Department of Regional Economic  
Expansion

---

WITNESSES:

*From the Economic Improvement Council of Bell Island, Newfoundland:*  
Mr. Thomas Lahey, Chairman; Mr. J. J. Nolan, Public Relations;  
*From the Atlantic Development Board:* Dr. E. P. Weeks, Executive  
Director.

## STANDING COMMITTEE ON REGIONAL DEVELOPMENT

*Chairman:* Mr. John Morison

*Vice-Chairman:* Mr. Alexandre Cyr

and

<sup>2</sup> Mr. Blouin, Mr. Broadbent,	Mr. Korchinski, <sup>3</sup> Mr. LeBlanc ( <i>Rimouski</i> ),	<sup>4</sup> Mr. Robinson, <sup>5</sup> Mr. Serré,
<sup>1</sup> Mr. Carter, Mr. Comtois, Mr. Gauthier, Mr. Honey,	Mr. Lundrigan, Mr. McGrath, Mr. Nystrom, Mr. Ritchie,	Mr. Smerchanski, Mr. Stewart ( <i>Marquette</i> ), Mr. Sulatycky, Mr. Whiting—(20).

(Quorum (11))

R. V. Virr,

*Clerk of the Committee.*

<sup>1</sup> Mr. Carter replaced Mr. MacDonald (*Egmont*) on March 3, 1969.

<sup>2</sup> Mr. Blouin replaced Mr. Roberts on March 3, 1969.

<sup>3</sup> Mr. LeBlanc (*Rimouski*) replaced Mr. Lessard (*Lac St. Jean*) on March 3, 1969.

<sup>4</sup> Mr. Robinson replaced Mr. Breau on March 3, 1969.

<sup>5</sup> Mr. Serré replaced Mr. Roy (*Laval*) on March 3, 1969.

ORDERS OF REFERENCE

Thursday, December 12, 1968.

*Ordered*,—That the name of Mr. Ritchie be substituted for that of Mr. Mazankowski on the Standing Committee on Regional Development.

Thursday, February 20, 1969.

*Ordered*,—That Votes 1, 5, 10, L120, L125 and L130 relating to the Department of Regional Economic Expansion; and Vote 35 relating to the Cape Breton Development Corporation be referred to the Standing Committee on Regional Development.

*ATTEST:*

ALISTAIR FRASER,  
*The Clerk of the House of Commons.*





## MINUTES OF PROCEEDINGS

Tuesday, March 4, 1969.

(7)

[Text]

The Standing Committee on Regional Development met this day at 9:40 a.m., the Chairman, Mr. Morison, presiding.

*Members present:* Messrs. Blouin, Carter, Honey, Lundrigan, McGrath, Morison, Nystrom, Robinson, Serré, Sulatycky, Whiting.—(11)

*Also present:* Messrs. Guay (*St. Boniface*), Legault, MacDonald (*Egmont*) and Peddle, M.P.'s.

*Witnesses: From the Economic Improvement Council of Bell Island, Nfld.:* Mr. Thomas Lahey, Chairman; Mr. J. J. Nolan, Public Relations; *from the Atlantic Development Board:* Dr. E. P. Weeks, Executive Director.

The Chairman introduced the witnesses and Mr. Lahey, Chairman of the Economic Improvement Council, Bell Island, made a brief opening statement.

Thereupon Mr. Nolan read the brief on behalf of the Citizens of Bell Island.

The witnesses were questioned.

Dr. Weeks of the Atlantic Development Board provided supplementary information to the Committee.

Mr. Carter suggested that the Steering Committee discuss the possibility of visiting Bell Island.

Mr. McGrath requested additional information regarding financial assistance and payments to Bell Island which the Chairman undertook to obtain.

At 11:00 a.m., there being no further questions, the Committee adjourned to the call of the Chair.

R. V. Virr,  
*Clerk of the Committee.*





## EVIDENCE

*(Recorded by Electronic Apparatus)*

Tuesday, March 4, 1969.

● 0941

**The Chairman:** Gentlemen, because we only have an hour and a half this morning, and I am sure you have many questions for our witnesses, I think we will call the meeting to order and begin.

Our two witnesses this morning are Mr. Tom Lahey who is Chairman of the Bell Island Economic Improvement Council and Mr. J. J. Nolan who does public relations for the Council.

Their brief is not a long one and because some of the members of this Committee do not have copies and some newly-appointed members of this Committee probably have not had a chance to read it, I have suggested that either Mr. Nolan or Mr. Lahey read it.

**Mr. Thomas Lahey (Chairman of the Bell Island Economic Improvement Council, Bell Island, Newfoundland):** Would it be out of order, Mr. Chairman, if I made a few remarks in advance?

**The Chairman:** No, that is fine. Mr. Lahey will make a few remarks before reading the brief and after that he will answer questions.

**Mr. Lahey:** Thank you, Mr. Chairman.

Mr. Chairman and gentlemen, I would like to make a few remarks before reading the brief and the question period that is to come later.

On behalf of the Bell Island Economic Improvement Council and the citizens of Bell Island as a whole, I want to thank all of you gentlemen for being so kind as to give us so much of your valuable time. I understand this is a very special set-up for Mr. Nolan and me, and I can assure you that we greatly appreciate it. It will be very gratifying when we get back to Bell Island to tell all the citizens how nice you were to us. I would like to mention here that Newfoundland has been noted for its hospitality. Gentlemen, I have to include in my few remarks that the hospitality for which Bell Island and Newfoundland is noted is equalled here in Ottawa. Your kindness to Mr. Nolan and me is something we appreciate and will remember for many, many years to come.

I would like to say, as a Bell Island resident, that when I came from New York 31 years ago the population was not as great as when the mine ceased operation. The population was 14,000 a few years ago. My business grew with the population, but today, gentlemen, it is a different picture entirely. It is deplorable, it is hard to find the right name for it. It is hard on the business people, the church and all of us down the line.

We had something done on the Island on March 2, this Sunday past. I contacted all the clergymen, the four denominations: United Church, Anglican, Salvation Army and Roman Catholic. We had Sunday, March 2, declared a day of prayer in all churches. Of

● 0945

course the main reason was to pray for our success and that you gentlemen here this morning would be very understanding and very sympathetic with us and do all in your power for us. I will add as well that we are, I might say, at your mercy. So please help us if you can. Thank you very much.

**The Chairman:** Do you want to read the brief now, Mr. Nolan?

**Mr. John J. Nolan (Public Relations Representative, Bell Island Economic Improvement Council, Bell Island, Newfoundland):** Mr. Chairman and hon. gentlemen, there is a tragedy on Bell Island. Our home town is dying. Our people are dying. It is that kind of spiritual death born of utter frustration and nurtured in the depths of despair which occurs in the hearts of men. Our people have fought, hoped and prayed to save their pride and dignity in themselves and in their community. We have met with countless obstacles since June 1966. We have tried unceasingly to surmount our difficulties. We are falling slowly into a state of social and economic despair. As well, our social and economic conditions are continuing to have a demoralizing effect on our many young and old people. We are determined to save ourselves and our community. The cheerful smiles which illuminate from beneath the aging and tired lines on the faces of our people bring forth with them a determination to live on and fight.

We love our community. We want to rebuild a future for ourselves and our children on Bell Island. We want a secured future on Bell Island. We want our fellow Canadians to be proud of us and we want to be proud of ourselves. We believe in the dignity of work to achieve our goal. We believe that our community can be developed so as to provide jobs for our people therein. We need your help, sirs, we need your help because we are resourceful people determined to be proud of our heritage. Please help us to be so. We ask you, sirs, to listen to our plea.

Whereas, the mines of Bell Island, Conception Bay, in the District of St. John's East, Newfoundland, closed down operations in June, 1966, after more than 70 years of operation, and

Whereas, the Government of Newfoundland, notably our premier, the Hon. Joseph R. Smallwood, worked diligently and hard to institute ways and means for the economic reactivation of the said mines, and

Whereas, after many months in which the people of Bell Island vacillated between hope and despair it was found that no economic resurrection of mining was possible, at that time; and

Whereas, our former Prime Minister and the Government of Canada have seen fit to regard as "social problems" such mining areas as Elliot Lake, Ontario, and Cape Breton, Nova Scotia which, like our Bell Island town, have met with economic reverses, and

Whereas, the prime minister and the Government of Canada have taken positive and commendable steps to make available in the said communities substantial moneys and expert help to relieve the people of great financial, psychological, and other tangible stresses, and

Whereas, the Government of Canada is providing tremendous amounts of aid to various underdeveloped and developing countries throughout the world, and

Whereas, our home, Bell Island, is situated in the centre of the largest population concentration in Newfoundland, and

Whereas, a few years ago, Bell Island was the third largest community in Newfoundland, and

Whereas, in years gone by our community has contributed its share towards the social and economic life of Newfoundland, and

Whereas, we the people of Bell Island have already been suffering great social and economic stresses for an unduly long period of time while with prayerful tenacity we hold to our homes, and

Whereas, many of our people have left their said Bell Island to work elsewhere, against their very wishes, and leave behind them their life's investment in homes, land, and those other structures and amenities in which they hold shares as citizens of Bell Island, such as schools, roads, churches, and so on, and

Whereas, many of our people, numbering approximately 7,000 shall stay on this Island, determined

#### ● 0950

to work out a living for themselves and their families.

We therefore make plea, sir, that you and your government implement immediately such plans as will be necessary to make the Bell Island community a viable one for those remaining so that they may live in the dignity of human beings by having the ways and means of earning their keep, and we the people of Bell Island believing as you do sir, in social and economic justice for all Canadians, make plea of this and petition of you, in the name of justice and equality and in the name of Canada our nation, and

We hereby state, our faith and belief that you, sir, will undertake immediately to come to the aid of this forsaken most eastern corner of your country, with the necessary powers to resurrect your people from a grave of despair and economic destitution.

Furthermore, we therefore make suggestions to you, sir, which may be of help to you and your colleagues in resolving the dilemma which has beset our island home. The following ideas represent but a selection of the many possibilities which we believe should be investigated immediately.

1. The federal government through its proper agencies officially declare Bell Island a "disaster area," rather than a labour surplus area, which it now is, so that emergency measures can be more easily adopted by your colleagues to help rectify our social and economic disparity. We believe that the March and Plan is not a satisfactory solution to our problem.

2. The federal government through its proper agencies take immediate steps to reactivate our iron ore mines.

3. The federal government through its proper agencies, undertake to establish a military installation on Bell Island. The facilities available for such an undertaking are enormous. Under the terms of union whereby Newfoundland entered Confederation, the province is entitled to one. We recommend that it be established on Bell Island.

4. The federal government through its proper agencies and with the co-operation of our provincial government institute measures to enlarge the scope



of vocational education on Bell Island with increased facilities various other trades not available elsewhere could be offered at the school. We envisage a school enrolment of 1,000 students from Bell Island and other areas of Newfoundland, by having increased staff and students at such an institution the economic condition of the Island would be uplifted greatly. We believe that the Atlantic Development Board, and the Department of Manpower can be of great help to us in this proposed undertaking.

5. The federal government, through its proper agencies institute a federal penitentiary on Bell Island. Such an institution would provide substantial employment.

6. The federal government through its proper agencies and in co-operation with our provincial government endeavour to bring about the establishment of a "transshipment port" at Bell Island. The waters surrounding the island are deep and ice-free year-round; if the need arises, our government could offer incentives freeport, cheap electricity, and so on, to attract the managements involved to establish here. The employment for our people that would result would be tremendous.

7. The federal government through its proper agencies improve docking facilities at our federal wharf on Bell Island. Such an improvement with the aid of a breakwater would employ a number of men during the construction stage, and when completed would allow the people interested in various types of fishing to improve their livelihood. Also, the improved docking facilities would allow our ferry, "John Guy" to operate in adverse weather conditions.

8. The federal government through its proper agencies could provide commuter service from Bell Island to Portugal Cove, by ferry, for our people from 7 a.m. to 1 a.m. at reduced rates.

9. The federal government through its proper agencies and in co-operation with our provincial government provide incentives to entice companies to establish various secondary industries on Bell Island, for example, a tuna canning factory, an orange juice depot, a potato chip factory, a poultry farm, and so on.

10. The federal government through its proper agencies and in co-operation with the provincial government establish Bell Island as a "tourist attraction area". Ideas such as:

- (a) tour of mines;
- (b) establishment of a provincial park;
- (c) our deep water pier;

- (d) tuna fishing sport;
- (e) our light house;
- (f) race track, and so on.

#### ● 0955

could be incorporated in such a plan. A project like the above mentioned would employ many of our people directly and or indirectly.

11. The federal government, through its proper agencies and in co-operation with the provincial government, provide incentives to attract some of our residents to develop farming as an industry on Bell Island. As many as 100 men would be involved. Such employment would have a good effect on our community. In 1935 many of our citizens engaged in farming for a livelihood. Bell Island has a very rich soil type for such endeavour.

12. The federal government through its proper agencies and in co-operation with our provincial government provide subsidies for the establishment of a fish plant. Such an undertaking would employ as many as many as 100 men directly. There are fisherman on Bell Island who would want to become involved in such a project and more would be willing to do the same if given incentives and the opportunity. Our island is surrounded by fish of various types. If adequate facilities were made available for the storage and processing of such fish more people would take advantage of the idea. We have a tremendous tuna potential in our waters. If facilities were made available such tuna could be processed, canned on Bell Island and sold to customers throughout Newfoundland and Canada. Our deep water pier should be utilized for such an undertaking.

The economic implications for our people by implementing such programs are obvious.

Senior Citizens Home: There is need for accommodation in Newfoundland for more senior citizens homes and Bell Island would be an ideal location for one. A youth re-habilitation centre is needed in Newfoundland. The school at Whitbourne is inadequate. Bell Island would be an appropriate alternate location for such an institution.

Our airstrip, if improved, could be utilized as a supplement to our ferry and as an alternative landing strip to St. John's airport, notoriously noted for being fog bound.

Please give our justifiable recommendations your sympathetic consideration. We are willing to make ourselves available to you for consultation at your convenience. Our social and economic problem is both a Bell Island problem and a Canadian problem, and programs to resolve it are urgently requested. Thank you, gentlemen.



**The Chairman:** Thank you very much, Mr. Nolan. We will proceed to questioning. Yes, Mr. MacDonald?

**Mr. MacDonald (Egmont):** Are we on questions now?

**The Chairman:** Yes.

**Mr. MacDonald (Egmont):** I wonder if I could ask one of the witnesses to give us a bit of the background of their own particular group, the Bell Island Economic Improvement Council; when they were formed, what attempts they have been making, and what successes they have had with regard to finding some kinds of alternate industry of the area.

**Mr. Lahey:** In answer to your question in connection with the Bell Island Economic Improvement Council, I was on the executive at the beginning which was roughly two and a half years ago. Our Chairman at that time was Mr. Ron Pumphrey whom I succeeded about six months or a year later. During Mr. Pumphrey's reign, if I may put it that way, as well as the early part of my own as Chairman, we were never recognized by the provincial government. Our Premier, Hon. J. R. Smallwood would not recognize us. His reason, as related to the press, was because at that time we had a Bell Island citizens committee and anything arising in connection with the Island, had to be discussed with our representative, who now is the Hon. Stephen Neary, M. H. A. So we did not make any headway at all.

After I took over as Chairman I contacted Mr. Smallwood at Roaches Line, his private home, one evening and made an appointment to meet him. He told me he would be only too happy to meet me any day of the week, any time after 10 o'clock in

● 1000

the morning. At the time we were corresponding with a firm in Germany in connection with getting started on the Island. I fulfilled my appointment with Mr. Smallwood, I presented all the correspondence we had in our possession to him and he told me right from the beginning not to be at all optimistic, that he had visited this particular firm, the plant and what have you, in Germany and he did not think much of it. That is how it stands today. We could not get any help whatsoever from the provincial government.

Getting back again to the government, we received a telegram which I have here in my possession. We had a lengthy telegram from Premier Smallwood. He heard of our coming to Ottawa to meet you gentlemen. Some of you, I guess, read the telegram. He stated in the telegram that he understood we were going to Ottawa to meet you gentlemen, as I

said before; he asked us to drop in and see him on our way back and inform him of the procedure that we went through, what help was available for us; and that he and his government would go along 100 per cent in conjunction with the federal government. That is my answer.

**Mr. McGrath:** I have just a supplementary Mr. Chairman. Whom do you represent, Mr. Lahey? I do not think you answered that part of the question.

**Mr. Lahey:** The Bell Island citizens.

**Mr. McGrath:** Do you represent all of the citizens of Bell Island?

**Mr. Lahey:** All, Bell Island as a whole, yes.

**Mr. MacDonald (Egmont):** Is there more than one group? You mentioned a citizens group as well.

**Mr. Lahey:** That does not exist any more.

**Mr. MacDonald (Egmont):** It does not function any more?

**Mr. Lahey:** Not since last year.

**Mr. MacDonald (Egmont):** This is the only agency that represents all of the people in an attempt to . . .

**Mr. Lahey:** To try and do something.

**Mr. MacDonald (Egmont):**—to try and find some alternate industry for the area?

**Mr. Lahey:** Yes.

**Mr. MacDonald (Egmont):** You say apart from the correspondence that you were having with the . . . You did not indicate what kind of an industry it was in Germany. What was it, to reopen the mines? Is this correct?

**Mr. Lahey:** It was to reopen the mines, yes.

**Mr. MacDonald (Egmont):** Have you been making any contact directly with either federal or provincial governments or other sources with regard to any one of these 15 suggestions you have included in your brief?

**Mr. Lahey:** No, we have not. I did give a copy of the brief to Mr. Neary.

**Mr. MacDonald (Egmont):** He is your provincial member?

**Mr. Lahey:** A provincial member, yes.

**Mr. McGrath:** You are going to meet with the government while you are here?

**Mr. Lahey:** When we leave here, yes.

**Mr. McGrath:** Today?

**Mr. Lahey:** With the government today, yes, we have an appointment with the Hon. Don Jamieson at 12.30. We had a lovely letter from Mr. Jamieson some weeks ago and he suggested we notify him in ample time when we were coming to Ottawa because he wanted to be here to interview us and do all he could for us.

**Mr. MacDonald (Egmont):** Can you tell the Committee how many people would be actively employed on Bell Island now, as against the number that would be, I suppose, receiving welfare. Do you have any figures on that?

**Mr. Lahey:** Do you mean employed today?

**Mr. MacDonald (Egmont):** Yes. I assume there are some people on Bell Island who are employed perhaps in service industries or other businesses?

**Mr. Lahey:** There are. We do not have the exact figure. I would say roughly in the neighbourhood of 200, I guess, or maybe more. There are school teachers and what have you.

**Mr. MacDonald (Egmont):** Yes.

**Mr. Lahey:** The figure probably would reach more than that, would it, Mr. Nolan? We have the vocational training school there, we have the hospital and we still have quite a few stores on Bell Island including mine.

**Mr. McGrath:** How many are there in the work force, Mr. Lahey?

**Mr. Lahey:** In the work force?

**Mr. McGrath:** Yes.

**Mr. Lahey:** I would say close to 200.

**Mr. McGrath:** No, no, I mean how many . . .

**Mr. MacDonald (Egmont):** What total, how many are employed?

**Mr. Lahey:** You mean altogether?

**Mr. McGrath:** No, I am sorry, I put that question very poorly. How many eligible workers are there on Bell Island? How many able bodied people are unemployed?

**Mr. Lahey:** Unemployed today?

**Mr. McGuigan:** Yes.

**Mr. Lahey:** There are roughly 1,000.

**Mr. Nystrom:** How many people have left Bell Island so far?

**Mr. Lahey:** We did have a population of close to 14,000. We now have 6,300.

**Mr. Honey:** I have a supplementary, Mr. Chairman. When you say 1,000 are you referring to men only, or are you including ladies who would be eligible to work?

**Mr. Lahey:** Just men.

**Mr. Honey:** Thank you.

**Mr. MacDonald (Egmont):** I will pass for now, Mr. Chairman.

● 1005

**Mr. Whiting:** Mr. Chairman, I have just a few questions. Not being familiar with the area at all, they may be very obvious to you but they certainly are not obvious to me.

The mines of Bell Island closed down after more than 70 years of operation. Why did they close, what caused them to close down? Why were they closed down?

**Mr. Lahey:** I think, Mr. Nolan could best answer that question. He is very familiar with that. He is an ex-miner, by the way, and he is more familiar with the mines than I am.

**Mr. Nolan:** In my opinion the mines closed down because it was not economically feasible to continue mining with the methods that were being used. If you want a brief run-down I will gladly give it to you right from the very beginning.

Actually the mines started 70-odd years ago and at that time they were using very primitive methods of mining. However, they did prove to be extremely efficient because with the primitive methods using manual labour only it was quite easy to segregate the ore from the waste. However, during the progress of the mine when they began improving conditions by putting in various types of mechanical equipment and so on, it became more difficult. In other words you could not stop the machinery to segregate the ore from the waste. As a result, the most recent up-grading saw the operating company put in a type of plant to segregate the ore from the waste.

At this time, again with the improvements underground where more mechanical equipment was coming in, we found in many cases that the equipment was not suitable to take severe grades, that they had to go down into rock instead of taking the ore alone. On the surface where the final product was eventually shipped, if you had a breakdown they ran the production from the mine out over the Island to the shipping piers without any segregation at all, which, of course, lowered the final grading of the ore. Whereas the ore leaving the Island should be approximately 60 per cent hematite, I would say in many cases there was 60 per cent silica and maybe as little as 20 per cent hematite going out.

Just previous to the layoff there were three mines that had been developed and let out into one mine over the last 10 years from which the total product was going shipped through one method, whereas previously each of them shipped directly to the pier. This meant that very low grade ore was being mixed in with better grade ore and it seemed as if nobody really cared what was being shipped.

However, there is one particular mine which is quite near the surface that has a block of 40 to 50 million tons, the seam is about 20 feet high. This one particular block contains approximately 40 to 50 million tons about which there is no question whatsoever. It would be economically feasible to mine it, there is no question about that.

Then, if we want to visualize possibilities, the Newfoundland government are beginning this spring to build a thermo plant quite near Bell Island. As a matter of fact, the old cables are still in existence from Bell Island to Seal Cove where this new plant is being built. If we want to visualize progress and if it

● 1010

was found feasible to operate the mine, we could easily see a reduction plant operated by cheap electricity provided by the Newfoundland government. That would give us practically pure ore, which could be smelted on Bell Island, and which could eventually turn out the manufactured product. If somebody really wants to use vision this is where it can be applied, gentlemen.

There is no reason we should ship ore to Germany or various other foreign countries. One of the big things against it is the amount of waste in this ore being shipped overseas which the purchaser has to pay the transportation on.

Mr. McGrath: May I interrupt? Why could we not ship to Sydney, Mr. Nolan?

Mr. Nolan: We could ship to Sydney, if there were a market there for the ore. Of course Sydney had been taking Bell Island ore right since the inception of the mine.

Mr. McGrath: Why would Sydney not take Bell Island ore now? Excuse me for interrupting, but I just wanted to clarify this point.

Mr. Nolan: We know of no reason why Sydney would refuse to take the ore; however, as far as I know Sydney has not been approached.

Mr. McGrath: If you benefitted from this electric reduction process you talk about, would the ore be more saleable to Sydney and other places?

Mr. Nolan: It would be more saleable anywhere because you would be getting a purer product.

Mr. Whiting: Mr. Chairman, I understand there were three mines.

Mr. Nolan: Originally, sir, yes.

Mr. Whiting: Yes, there were three mines, and you feel there is one mine now containing 40 to 50 million tons where it would be economical—

Mr. Nolan: No question about it, sir.

Mr. Whiting: —to start production?

Mr. Nolan: It is completely safe and I do not think there is any question if an effort were made that that mine could be working two months from today. It contains, as a matter of fact, quite a bit of equipment. There are 21 drags costing approximately \$18,000 each.

Mr. McGrath: What is a drag?

Mr. Nolan: It is a method of taking ore from the face of the mine or the room that is being worked, to the disposal point.

Mr. Blouin: A conveyor?

Mr. Nolan: A conveyor? No, it is a conveyor of a type operated by cables on a drum. There are 21 pieces of such equipment with Slusher hoists and everything belonging to them even to the motors. There are two Loraine shovels which cost about \$75,000 each. There is a deck hoist and there is a half way hoist which have, I think, 750 horse-power motors each. They are quite large—

Mr. McGrath: In other words, you are saying that the mine is immediately workable. It could be worked right now without buying any new equipment?

Mr. Nolan: You might have to buy some equipment. For instance, the main cables of the electrical supply were taken out of the mine, but these could be replaced in about 48 hours. You would have to



take the ordinary safety precautions because any mine which has been closed down for a period of, say, a year and has not been getting air—proper air—will deteriorate, you know, so you would have to do a good safety check on it. However, all the pumps, cables, piping, and so on and so forth still exist in this one particular mine.

**Mr. Whiting:** Were these three mines owned by one company?

**Mr. Nolan:** Not originally. Fifty or sixty years ago they were operated by two, but in recent years they have amalgamated and now are owned and operated by one.

**Mr. Whiting:** Why did the company that owned the three mines not stay on the Island and continue to operate this one mine in particular?

**Mr. Nolan:** Because there was an inefficient method of operation; they were mixing. Actually, this one block of ore was left as a reserve. It was bypassed in development work so that it is actually only about half way down the face of the deepest mine there. It was left in reserve, you see.

**Mr. McGrath:** May I just supplement that, Mr. Nolan? The mines were owned by the same company that left the steel mill in Sydney, Dosco.

**An hon. Member:** That should answer your question.

**Mr. Serré:** Has any other company been approach-

● 1015

ed to invest in this mine right now in order to update the equipment?

**Mr. Nolan:** Not to my knowledge.

**The Chairman:** Are you finished?

**Mr. Whiting:** No, not quite, Mr. Chairman. When the three mines were operating what was the total employment?

**Mr. Nolan:** There were 2,500 miners, sir.

**Mr. Whiting:** Twenty-five hundred. You said that the Marchand Plan is not a satisfactory solution to your problem?

**Mr. Macdonald (Egmont):** Perhaps you could define what the Marchand Plan is.

**Mr. Whiting:** Yes, all right. I wonder, Mr. Nolan, if you could, first of all, tell us what the Marchand

Plan is for the area and why it will not provide a satisfactory solution to your problems?

**Mr. Nolan:** I am not familiar with the Marchand Plan. I was not responsible for writing this brief and really I have never checked on why this term was used.

**Mr. Whiting:** Are you familiar with it, Mr. Lahey?

**Mr. Lahey:** No, I am not, I am sorry. One of the other executives on our Council helped to draw up this brief.

**Mr. MacDonald (Egmont):** Is the resettlement plan of \$1,500 for each individual or family unit that moves not the Marchand Plan? Perhaps, Jim, you can clear this up?

**Mr. McGrath:** No, I have had nothing to do with the brief, but I presumed, when I saw it, that the Marchand Plan was the ADB plan for manpower mobility.

**Mr. MacDonald (Egmont):** Resettlement.

**Mr. McGrath:** Yes, for resettlement. I think this is what they were referring to. At least, this is my impression of what that program involved.

**Mr. MacDonald (Egmont):** It involves a payment of \$1,500 if you have to give up your home, does it not?

**Mr. McGrath:** Under one of the Marchand plans, the Government of Canada in co-operation with the Government of Newfoundland will buy your home for \$1,500 providing you leave the Island.

**Mr. Lahey:** That is a part of the Marchand Plan.

**Mr. Whiting:** I have just a couple more questions. You mentioned that you think various secondary industries would do well on Bell Island—tuna canning factory, orange juice depot, chip factory, et cetera. How did you decide on those industries?

**Mr. Nolan:** Take, for instance, the tuna canning factory. It is well known that Conception Bay which surrounds Bell Island has proven to be the largest source of tuna fish today in the world. At the present time it is being used by sport fishermen, of course, and they have taken tremendous totals from Conception Bay, I think, as many as 700 a year. The recommendation implied that if the tuna fishing were commercialized there would be a source for packing. With regard to the other ones we mentioned, I think the orange juice factory referred to a suggestion made by the Premier of Newfoundland that orange juice together with oil could be imported

from South America on the same ship and these ships could land at Holyrood which is only about 20 miles away from Bell Island. He also suggested he could import orange juice in concentrated form and have it canned and sold in Newfoundland.

**Mr. Lundrigan:** May I just supplement the statement by the hon. gentleman and say that I think perhaps he had in mind identifying a great number of potential areas of development rather than to suggest that these had been investigated and found feasible. In other words, I do not think he intended to give members of the Committee the impression that the concepts presented in the brief had been investigated and developed, but rather to indicate a whole list of areas that might be investigated, some of which might be found practical and feasible for development. I think this is what Mr. Nolan really was indicating.

• 1020

**Mr. Whiting:** I just wondered how you came to mention an orange juice depot. Surely, there must have been some thought given to . . .

**Mr. Lundrigan:** There is a very long history behind that one.

**Mr. Whiting:** —that particular industry as well as the potato chip factory, I just wanted a little background on the suggestions. Mr. Chairman, that is all I have at the present time, but I would hope we will hear from the Departmental officials on what the Department is going. . .

**The Chairman:** This probably will take place later, Mr. Whiting, after the minutes of this meeting have been printed. The Department, of course, will get a copy and then there will be some action taken.

**Mr. Robinson:** Mr. Chairman, I have listened with interest to both Mr. Lahey and Mr. Nolan and there is no doubt in my mind that they have a serious problem in Bell Island. As a matter of fact, when they say it is a disaster area, I think they are actually underestimating the situation. It seemed to me when I first heard the report that the only thing to do would be to airlift them out of Bell Island and drop them in a place like Toronto. I think we have a good many more Newfoundlanders in Toronto than you have in all of Newfoundland, as a matter of fact. They are good solid people. We would be glad to have them and maybe this would be the best and cheapest way all around. However, I can appreciate the position of the people there. As you indicated, they have their pride. They would like to maintain themselves. They wish to be independent and so on. These are highly commendable traits in a hardy

stock, but in my view I think we have to be very realistic about this.

I certainly would not be in favour of dumping millions of dollars of government money into programs when we have no indication, first of all, that you would have any market for what you might produce. We have no indication of how much it would cost to set up some of these programs and when I look at the 15 items that have been mentioned as ideas to be considered and the fact that you also mentioned that these are only some of the ideas—there may be others, I do not know what they are—I just wonder how realistic any one of these items actually is. If a feasibility study were carried out on any one of these items, would it prove it actually would be realistic to do something about it?

I think, in considering the realism of it, we would have to consider the breakdown of the ages of the people in Bell Island. How many people are employable? How many are not employed? How many people are obtaining welfare? How many are living on pensions? How many of the young people have already left and are not likely to come back? What kind of a work force would you have? Are there younger people coming along who would fill in when the older workers are being retired? The problems of people who are, say, in their forties or fifties being retrained to work in new industries and so on, are in themselves tremendous ones, as I see it. You are talking about new industries—industries that have never been located in this area—which, to my mind, means that the people would have to be retrained. How are you going to retrain them? Who will fill in the gap in the meantime while you are getting these new businesses going? I do not know.

I have literally hundreds and hundreds of questions about this kind of project because it takes me right back to my university days when we were discussing community development and community organization and believe me there is a very long way to go in this. You are starting off with virtually nothing. It would seem to me that this is an area where the company of Young Canadians could move in and try to take over or try to give the people in Bell Island a lift and help them out.

When you talk about an area that has gone from a population of 14,000 to 6,300 and I know that in metropolitan Toronto area there are many people who say that their home base is Bell Island—I have heard this many times—I think all your young people have moved away. Do you have any statistics on the people who are there now—the employables, the unemployables, the pensioners and so on? I think this is something that you should come up with right away before we consider any proposal.



**Mr. Lahey:** We do not have any figures, at least I do not have any. I do not know if Mr. Nolan has.

**Mr. Nolan:** If I could be permitted to answer that question in a general way, sir, I would first like to tell you that we do have approximately \$200 million

● 1025

worth of assets on Bell Island today which would certainly indicate that we have a solid base on which to build. These assets, of course, would include our schools, churches and hospitals. We have a vocational training school which is training about 600 men per year, so when you refer to all the younger people moving away, if after they have been trained by this vocational training school and they can find nothing to do on Bell Island—cannot obtain work—they do move out. That is a fact, but this year the training school is filled to capacity and one of the suggestions we made in our brief was that this training school could be enlarged so that other near-by communities from around the Bay where they do not have schools, could send their students to Bell Island for training. In that way they would supplement dollars on Bell Island. Also on Bell Island we have, for instance, a boys club, a curling club arena and are constructing tremendous outdoor sports fields.

Altogether there are  $9\frac{1}{4}$  acres in one area under fence. We also have many, many other assets, including water and sewerage. We have a hospital and so on. We are not stating that all these projects are feasible, but we are asking and hoping that the government will carry out a factual study by experts who really can give the answers on whether some of our ideas are feasible. I feel in my heart and soul that the possibility of resuming the mining industry is feasible, if it were gone into properly. There is no question about it.

**Mr. Robinson:** With respect, if a firm like Dosco was not prepared to continue mining because they found it uneconomical—

**Mr. Nolan:** Dosco has never been efficient, sir, as far as I am aware.

**Mr. McGrath:** May I just supplement that? Dosco also found Sydney to be unprofitable. When they left there Sydney was taken over by another group, a Crown corporation, and is now being operated quite profitably and quite efficiently.

**Mr. Lundrigan:** You ought to read a bit about Dosco, too.

**Mr. McGrath:** They have a pretty poor reputation which could be due to management and this is part of their problem.

**Mr. Robinson:** Surely you are not suggesting that the federal government go into the mining industry?

**Mr. McGrath:** May I perhaps answer your question by putting a supplementary?

**Mr. Robinson:** By all means, do.

**Mr. McGrath:** In your opinion, how much is the Government of Newfoundland spending on Bell Island on relief payments, bearing in mind, of course, that the government of Canada meets 50 per cent of the cost under the Canada Assistance Plan?

**Mr. Lahey:** I could answer that. About a year and a half ago we had a fair figure for that. Mr. Joe O'Keefe was asked to come to Bell Island in connection with transportation from the Bell Island to Fortune Cove and we had our citizens' committee—

**Mr. McGrath:** Excuse me, Mr. Lahey, if you do not mind, I just would like to know what the figure is for welfare payments without the background.

**Mr. Lahey:** It was released on that particular night in question.

**Mr. McGrath:** Could you tell me what it was?

**Mr. Lahey:** It ran into \$20 million for 10 years which would be \$2 million a year.

**Mr. McGrath:** For welfare?

**Mr. Lahey:** That includes groceries, rent, fuel, clothing and drugs.

**The Chairman:** That would include both the provincial and federal payments?

**Mr. Lahey:** Yes, it amounted to \$2 million a year.

**Mr. McGrath:** That just covered welfare payments?

**Mr. Lahey:** Welfare payments including drugs, and clothing.

**Mr. McGrath:** The whole welfare program?

**Mr. Lahey:** The whole welfare program.

**Mr. McGrath:** It cost \$2 million a year then. Is it safe to say it still costs \$2 million?

**Mr. Lahey:** I would say so, yes.

**Mr. Nolan:** I am sorry, sir, but our population has decreased since that time. I think we should keep that in mind.



**Mr. McGrath:** The population has decreased?

**Mr. Nolan:** Yes, sir.

● 1030

**Mr. McGrath:** It has decreased to 6,500, but of the 6,500 you said only 200 of them are working, so that means you still have about 4,500 who are living off the government. Is that correct?

**Mr. Nolan:** I would think so.

**Mr. McGrath:** I would say that it would cost a considerable amount of money to support in food, drugs and clothing 4,500 people. That is the purport of my question.

This does not include the direct cost of the Government of Canada of this Marchand Plan that you referred to or the ADB—

**Mr. Nolan:** No, that is not included, sir.

**Mr. McGrath:** How much is that? Of course, that is a matter of record, is it not, sir? Dr. Weeks is here. I wonder, Mr. Chairman, if I could direct that question to Dr. Weeks who is here?

**The Chairman:** Dr. Weeks, would you like to come to the table?

**Dr. E. P. Weeks (Executive Director, Atlantic Development Board):** I can answer that question. The amount we have spent so far is \$368,000.

**Mr. McGrath:** We cannot hear you too well. You said \$368,000?

**The Chairman:** Dr. Weeks, would you like to come up here so that you will be closer to a microphone?

**Dr. Weeks:** I am not sure I have all your answers.

**Mr. McGrath:** Maybe we will get a few of them. Dr. Weeks, in your evidence of November 21, reference was made to a \$2 million vote. What was that all about?

**Dr. Weeks:** That was a payment of \$1.75 million in connection with this movement of people from the Island, that is on the basis already referred to of \$1,500 per house, of which three-quarters will be paid for by the Atlantic Development Board and the other \$500,000, if I remember correctly, was in connection with moving people who are not members of the labour force and who could not come under the normal mobility provisions.

If I could just go on to point out my good fortune. I happened to bring a couple of sheets showing these figures.

**Mr. McGrath:** You do not have any music with you!

**Dr. Weeks:** Right! Since the initiation of the program on August 30, 1967, 335 houses have been purchased at a cost to the federal government of \$368,000. Approximately 225 non-workers have been moved under the special mobility program at a cost of \$130,000.

**Mr. McGrath:** Then, Dr. Weeks, the federal government has spent in excess of \$2 million—the program has cost in excess of \$2 million?

**Dr. Weeks:** That amount of money, of course, has not been spent yet. That was the amount provided.

**Mr. McGrath:** Right.

**Dr. Weeks:** As you will see here about \$500,000—

**The Chairman:** Mr. McGrath, do not forget that Mr. Robinson was questioning before you asked your supplementary.

**Mr. McGrath:** Oh, I am sorry. I apologize.

**Mr. Robinson:** Mr. McGrath, you go ahead and finish up on this point, then I will come back, Mr. Chairman.

**Mr. Honey:** Mr. Chairman, on a point of order before Mr. Robinson continues. I appreciate that Dr. Weeks can give us very important information. However, I believe the Committee is taking valuable time from our witnesses and those who want to question them by examining Dr. Weeks now. As someone indicated Dr. Weeks and other witnesses from the Department will be back before us when the evidence has been transcribed and I think it would be better then to deal with them at that time.

**Mr. McGrath:** I just had one more question.

**The Chairman:** I think your point is very well taken Mr. Honey, but because there seems to be a lack of statistics, I think if a further reference to figures is made, Dr. Weeks should be allowed to give us the information.

**Mr. Honey:** Yes, I think so. I only was suggesting that we should not enter into an examination of Dr. Weeks at this time.

**The Chairman:** I agree with you.

● 1035

**Mr. McGrath:** This is merely for statistical data and I have just one more question in that regard, Mr. Chairman.

**Dr. Weeks:** does the figure you just gave to the Committee include the direct cost to the Government of Canada under the manpower mobility program or unemployment insurance?

**Dr. Weeks:** Not at all. This refers only to the housing program.

**Mr. McGrath:** —which would be substantial?

**Dr. Weeks:** I should think so, yes.

**Mr. Robinson:** Mr. Chairman, if I might continue, I would like to ask Mr. Lahey or Mr. Nolan if they can tell me which of the 15 proposals contained in their brief they would recommend and if they can substantiate the recommendation?

**Mr. Lahey:** According to the figures which Mr. Nolan gave and this, I believe is the opinion of the executive of our Council as a whole, the big one would be No. 4 mine. I think Mr. Nolan mentioned a figure of about 40 or 50 million tons. That would be the big one of the entire 15 proposals. However, I have something else to add to that.

If we were fortunate enough to get No. 4 mine working, I think it would provide employment for possibly 300 or 400 men. This would be a big boost for Bell Island, especially at this time when the population is down to slightly more than 6,000 people. It would really help us in a big way to get stabilized again.

**Mr. Robinson:** What would it cost to get this mine into an economic operation?

**Mr. Lahey:** Perhaps you could answer that, Mr. Nolan.

**Mr. Nolan:** Mr. Chairman, of course, I am not a technician so I can only give an opinion, but I feel that if \$2 million were spent today on Bell Island you could produce a first-class product and employ 400 men.

If you will permit me to continue to answer to your question, sir, although this is possibly not a true reflection of the views of all the other members of the Committee, I would give number 1 priority to the mining industry. The second one that I would consider, of course, would be the federal penitentiary which could possibly employ a like number of people.

The third one I would ask you consider, which we have not discussed as yet, is the airstrip project. At the present time there exists on Bell Island an airstrip which is not paved, of course. It was constructed, I think, jointly by the company and the government and is large enough to land a DC-3 which, I think, is the best way to explain it. This airstrip could be extended. There are no buildings in the vicinity whatsoever. It could be extended to provide a supplementary airport for St. John's which is noted for not being used very often because of its location and because it is fog bound one day out of ten, at least, which, I do believe, could be substantiated by figures which would show that over a period of eight or nine years it was not usable for practically six months. I would, therefore, give the airport number 3 priority.

The enlargement of the vocational training school, I think, is certainly worthy of consideration. With regard to the military installation, I do not know whether you would consider it feasible because of the fact that it is an island, but during my days in the service I saw military installations built in less choice locations. So, again, that project would probably supply the work force with jobs.

Concerning the other proposals mentioned in our brief, my personal opinion is that many of them would not be sufficiently large to employ any great number of people.

I hope that answers your question, sir.

**Mr. Robinson:** Mr. Chairman, I would question the advisability of building a huge federal penitentiary in a place such as Bell Island where it would be necessary to transport people back and forth from any place in Canada. Surely, a penitentiary would not be required for the people of Newfoundland.

● 1040

**Mr. Nolan:** We are very law abiding.

**Mr. Robinson:** You said this project would employ only 300 or 400 people. If you built an airstrip, how many people would be employed in the construction and would it be feasible to spend a million dollars or so to build an airstrip when the people will have to go from the Island back to the mainland anyway? Maybe it will be fog bound, too.

**Mr. Nolan:** No, sir, definitely not because of the location of Bell Island in the centre of Conception Bay. May I tell you a personal story in connection with this? During my days in the service I decided to get married after returning from overseas—I will make this very brief. I made nine daily trips by air to Torbay in an attempt to land to get married

before I eventually landed which will indicate how difficult it is to use this airport. On each of these days, because the pilot happened to be a friend of mine, and, of course, it was a service aircraft too, we flew so low that I could recognize people on the street on Bell Island as the weather there was so beautiful. I think anybody who has been to the Island will admit that the weather can be perfect on Bell Island where we have very, very little fog and in Torbay it can be almost continually fog bound. It is the most dangerous air zone in which I have ever flown.

**Mr. Robinson:** Do you have any statistics to indicate what it would cost to set up an airstrip that would be satisfactory?

**Mr. Nolan:** Sir, we come here unfortunately without financial data because we do not have experts on Bell Island who can establish this. This is what we are appealing to you for, an investigation of the possibilities and the feasibility of establishing some of these projects. We are only laymen, and our opinions might be all wrong. We, however, feel if you gentlemen take this problem seriously, which I feel sure you are doing, that some of these suggestions could be proven feasible.

**Mr. Robinson:** I have no further questions, Mr. Chairman. I do not think these gentlemen could give me the answers to the questions that I do have. I think it would have to be left, perhaps, to some government officials to do some investigating.

**The Chairman:** Thank you Mr. Robinson. Mr. Blouin?

**Mr. Blouin:** Mr. Chairman, coming back to the mining operations, I wonder if the witness can tell me what the total yearly production of Bell Island mine was?

**Mr. Nolan:** They had exported 2.5 million tons. I think that was the top production, or 2.75 million tons.

**Mr. Blouin:** That was the maximum production?

**Mr. Nolan:** Yes, sir.

**Mr. Blouin:** In one year? Now what about the grade; is it high grade, low grade, or middle grade? As you know, there are different grades.

**Mr. Nolan:** It was recognized as being high grade, sir, yes. I think the average would have been about 57 per cent.

**Mr. Blouin:** This is underground mining?

**Mr. Nolan:** Underground.

**Mr. Blouin:** Under the sea?

**Mr. Nolan:** Under the sea, yes.

**Mr. Blouin:** Which is very costly.

**Mr. Nolan:** I do not know whether I made it quite clear at the beginning that this particular block of ore that I am certain is feasible to mine is only about halfway down the mine. In other words, all the tunnels and drifts are already there. Really, if tomorrow a discovery were made of a new mining area, it would have to be developed, the content would have to be established and so on and so forth. All these things are there ready made. All we need is a little bit of money to get this mine going again. I can assure you there is no question that this is one of the best beds of ore existing on Bell Island and it could be quite easily working within two months.

**Mr. Blouin:** Tell me, did the huge development of the iron mines in Labrador affect your mining on Bell Island? I mean was this stiff competition?

**Mr. Nolan:** Unquestionably.

**Mr. Blouin:** It was?

**Mr. Nolan:** The reason is that the Labrador mining is open pit.

**Mr. Blouin:** Yes, and the volume of production, is it . . .

**Mr. Nolan:** It is much greater.

**Mr. Blouin:** It is very high.

**Mr. Nolan:** If I could elaborate a little bit on the general operation of the mine on Bell Island during the last, say, 25 or 30 years, with which I am thoroughly familiar, they had been going out extensively under the sea. Now, this of course drove their costs up quite high. The particular area that I have in mind, however, is quite near the surface and as a result it would be very, very cheap to operate the mine.

**Mr. McGrath:** I have a supplementary. Were not the mines automated when Dosco was taken over by Hawker Siddeley? Did they automate the mines

#### • 1045

with the result that a thousand men were laid off? The mines were automated and mechanized and you had, in fact, tremendous automation and a continuous conveyor belt.



**Mr. Nolan:** That is right, sir.

**Mr. McGrath:** So this must have had some effect on the cost of production?

**Mr. Blouin:** It was to reduce the cost.

**Mr. McGrath:** To reduce the cost; as a consequence, surely the Labrador operations would not be that much of a competitive factor?

**Mr. Nolan:** I did reduce the cost, but I suggest that it also produced an inferior product because there was so much more waste material due to automation. They went into a room that was filled with ore and they just took what was there.

**Mr. McGrath:** Rocks and all?

**Mr. Nolan:** Rock and the whole works many, many times were loaded directly into the boat without going through the reduction plant, because of various little breakdowns. I can say because I know personally that for as long as possibly 48 hours, the product of the mine directly shipped into a boat contained, I would say, in many cases, possibly, up to 40, 50 or 60 per cent rock, which, of course, drove the cost up because the importer then was paying for transporting waste material. This is the big thing with Bell Island, it was never run efficiently.

**Mr. Blouin:** Are your loading docks very close to mines?

**Mr. Nolan:** About a mile and a quarter.

**Mr. Blouin:** A mile and a quarter.

**Mr. Nolan:** There was a conveyor belt. As a matter of fact, some of the conveyors have been removed but the framing all that sort of thing and the docking facilities, are still there. Just to illustrate the value of the docking pier, last fall a ship had an accident and I think the Government of Newfoundland supposedly collected nearly \$500,000 for damage to the pier. So the pier itself is a tremendous asset. It would probably cost upwards of \$4 million to replace it today.

**Mr. Blouin:** Thank you, Mr. Chairman.

**Mr. Carter:** Mr. Chairman, I wonder if Mr. Nolan or Mr. Lahey could give the Committee some idea of how many fishermen there are on Bell Island. How many people are there on Bell Island who would be willing and able to go fishing if the government were to subsidize or were to establish a fish plant over there?

**Mr. Lahey:** I do not know if I should say this or not but, after all, you have to bear with my telling the truth—

**Mr. Carter:** What I am trying to establish, Mr. Chairman, is how many people of the existing unemployed work force over there could be absorbed by a fishing industry?

**Mr. Lahey:** I do not think you could get very many. Mr. Nolan, and I had an interview with Mr. Dicks, he is one man who has been making a livelihood out of fishing for a number of years, and he employs three to four men all year around. Mr. Nolan and I went down one Sunday afternoon—we had a meeting with our Council by the way—to interview Mr. Dicks for an hour or so. We wanted him to come along with us and provide some information. He was not willing however, because he felt it was not feasible. His argument was that in this day and age to put a fish plant on Bell Island the big snag in the beginning would be trying to get men out in the boats at three or four o'clock in the morning. They would rather stay home and accept relief.

**Mr. McGrath:** I think, Mr. Lahey, you missed the purport of Mr. Carter's question entirely, if you do not mind my saying so. What Mr. Carter had in mind was whether it is practical to suggest that fishing could support a large segment of the population. Dr. Weeks does not think so, the Atlantic Development Board does not think so, and I do not think anybody else thinks so.

**Mr. Nolan:** It is not practical. There are not five qualified fishermen on Bell Island, sir.

**Mr. Carter:** Then you mentioned, a fish plant over there which would employ 100 people. I am trying to find out, Mr. Chairman, if there are enough fishermen on Bell Island, or people who can fish to support a plant large enough to employ 100 people. Would you have to buy your fish from the outlying areas or would the people of Bell Island avail themselves of the opportunity to go fishing and possibly make a living.

**Mr. Nolan:** Sir, may I be permitted to point out that these resolutions were drafted by quite a large committee. Now, we did not reach unanimous agreement on all the various points. This was neither M. Lahey's nor my idea at all. Somebody else included this in the brief and we present the idea for investigation. Personally I do not think there are 10 people on Bell Island who know the difference between a cod's head and a gill net.

**Mr. Carter:** Mr. Chairman, may I follow the same line of questioning with regard to farming? Are there potential farmers on Bell Island?

**Mr. Nolan:** Well, during the depression and since that time, sir, particularly during the thirties and up until the war considering the size of the Island there was a considerable amount of small supplementary farming done. There has never been what you would

• 1050

call a commercial farm, but people supplemented their couple of days a week work on Bell Island by planting and growing their own vegetables.

**Mr. McGrath:** You are talking about trying to support a work force of 2,000 people, really, and when you think in those terms, supplemental agriculture or any other kind of agriculture or fishing, to my mind, is just not feasible. I think the ADB backs this up. You have an urban population to support.

**Mr. Nolan:** I agree.

**Mr. Carter:** The trade school over there has an enrolment now of how many? Did somebody say 400 or 500 people?

**Mr. Nolan:** There are approximately 600 people right at this moment.

**Mr. Carter:** These are all young men, I presume, anywhere from 17 to 25 years of age?

**Mr. Nolan:** Mid-twenties, yes.

**Mr. Carter:** What is happening to these young fellows. Are they leaving the Island after they are trained? Are they going to mainland Canada?

**Mr. Nolan:** Unfortunately, yes.

**Mr. Carter:** There is no chance at all for them once they finish school over there?

**Mr. Nolan:** We do not have an industry.

**Mr. Carter:** You have nothing over there in—

**Mr. Nolan:** Nothing.

**Mr. Carter:**—which they could become employed? Mr. Chairman, I would like to make a suggestion, for what it is worth. We all recognize the seriousness of the situation on Bell Island where so many of our fellow Canadians are involved and suffering. I would certainly recommend this committee consider going to Bell Island. Obviously, as far as a number of members on this Committee are concerned Bell Island could be out in the Caribbean. I do not mean

to be disrespectful in saying that, it is an Island and they are not familiar with it or the problem. I think it would be a very worthwhile undertaking on the part of this Committee to visit Bell Island, to talk to the people over there, to assess the situation for themselves and to have a firsthand view of the seriousness of the problem.

**The Chairman:** I quite agree with you, Mr. Carter, but I think perhaps we should take your suggestion to the steering committee and we might discuss it there.

**Mr. Carter:** I would like to make a motion, Mr. Chairman, if it is in order, that the steering committee be asked to consider the possibility of going to Bell Island.

**The Chairman:** I would certainly like to entertain the motion Mr. Carter, but we seem to have lost our quorum in the last 10 or 15 minutes. However we might take it to the steering committee as a suggestion.

**Mr. Carter:** Then would you discuss this with the steering committee, Mr. Chairman, to see if the Committee could go to Bell Island?

**Mr. Robinson:** Mr. Chairman, with respect, it would seem to me that the suggestion at this time is a bit premature. I think the members would like to have a lot more specific information in detail than they could get from these two gentlemen here today.

**The Chairman:** There was no question of time there Mr. Robinson, it was a suggestion and I think that you can take it as such.

**Mr. Carter:** I am not suggesting, Mr. Chairman, that we leave this morning, sir. With all due respect, I think this problem certainly deserves lengthy consideration and study. I think having done this we should go to Bell Island and take a firsthand look.

**The Chairman:** Because we cannot leave this morning we probably will not see Bell Island at its worst. Mr. Nolan tells me that in June and July we would see it at its best, so possibly that might be a good time to go.

**Mr. McGrath:** Mr. Chairman, with regard to trying to get sufficient information in order to give us a better picture of just exactly what is involved and what we are trying to study, would it be possible for the committee to obtain the following information: the cost to Canada in the last fiscal year, under the Manpower Mobility Program, for Bell Island; the cost to Canada during the last fiscal year for payments under the Canada Assistance Plan; the cost to Canada for the last fiscal year for payments under Unemplo-

ment Insurance and Unemployment Assistance; the cost to Canada for the last fiscal year under the vocational training plan where the Government of Canada pays 50 per cent of the cost of keeping vocational training schools going; the cost to Canada for

● 1055

the last fiscal year for the Atlantic Development Board's program of purchasing houses and the cost to Canada for the last fiscal year for subsidizing the Bell Island ferry service which, I think you will find is about \$250,000 a year. I think when you put all of these things together you will find that it is costing the Canadian taxpayer a substantial amount to keep these people—I do not mean this sarcastically—in idleness. Consequently it would make . . .

**The Chairman:** We could get those figures for you, Mr. McGrath. We have to get out of here at 11 o'clock and, I think, Mr. Honey has been waiting patiently to ask some questions.

**Mr. Honey:** I just have two or three questions, Mr. Chairman arising out of the evidence on which I am not clear. The first one is supplemental to Mr. Carter's question about the 600 people in the vocational school. Are all those people from Bell Island or are they from other parts of Newfoundland?

**Mr. Nolan:** I would say, sir, that 98 per cent are from Bell Island. I only know of about 5 or possibly 10 at the most who are not Bell Islanders.

**Mr. Honey:** I have only one other question, Mr. Chairman. You indicated, gentlemen, in your brief and in your remarks your belief that it is economically feasible to mine this reserve ore body, I think you called it, of about 40 to 50 million tons. Do you know of any professional study—any engineering study—made in that respect, independent of Dosco?

**Mr. Nolan:** No.

**Mr. Honey:** You do not know of any. That is fine. Thank you, Mr. Chairman.

**The Chairman:** Mr. Sulatycky.

**Mr. Sulatycky:** Who owns the mines now or who owns the mineral rights on the Island?

**Mr. Nolan:** They have been taken over by the Newfoundland government, sir.

**Mr. Sulatycky:** So there would be no cost to—

**Mr. Nolan:** None whatsoever.

**The Chairman:** I want to thank very much both Mr. Lahey and Mr. Nolan for coming to this committee. I am sure the members are curious about Bell Island and I think I can assure you that when we are in the Maritimes we will take the opportunity to visit Newfoundland.

**Mr. McGrath:** Mr. Chairman, on behalf of my constituents may I thank the Committee for their attention to this matter.

**Mr. Nolan:** Sir, I wonder if could you just spare me one more moment?

**The Chairman:** That is about all you can have—just one moment.

**Mr. Nolan:** Within the last week it has been brought to my personal attention that some of the men who are working off the Island and who have to commute are very dissatisfied with the ferry service, the period of time over which it operates. At present it begins at 7 o'clock in the morning and it continues only until 6 o'clock in the evening. If that service were to start at 6.30 in the morning it would allow people to get across the Bay to their jobs on mainland by 8 o'clock. The contractors for whom these people work want men to work overtime, so in order for them to do this the service should be extended from 6 o'clock until 11 o'clock in the evening.

**Mr. McGrath:** Mr. Chairman, this matter is under study by the Transport Committee.

**Mr. Nolan:** Thank you, sir.

**The Chairman:** Thank you, gentlemen.

**Mr. Nolan:** Thank you, Mr. Chairman.

---





HOUSE OF COMMONS

First Session—Twenty-eighth Parliament

1968-69

---

STANDING COMMITTEE

ON

# REGIONAL DEVELOPMENT

*Chairman:* Mr. JOHN MORISON

---

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 8

---

THURSDAY, MARCH 13, 1969

---

Estimates 1969-70 of the Department of Regional Economic  
Expansion.

---

*Appearing:*

Honourable Jean Marchand, Minister of Forestry and Rural  
Development.

---

WITNESSES:

*From the Department of Forestry and Rural Development:* Mr. Tom  
Kent, Deputy Minister; Mr. D. W. Franklin, Director-General of  
Administration and Finance.

THE QUEEN'S PRINTER, OTTAWA, 1969

## STANDING COMMITTEE ON REGIONAL DEVELOPMENT

*Chairman:* Mr. John Morison

*Vice-Chairman:* Mr. Alexandre Cyr

and Messrs.

Blouin,	Korchinski,	Ritchie,
Broadbent,	LeBlanc ( <i>Rimouski</i> ),	Robinson,
Carter,	Lundrigan,	<sup>2</sup> Roy ( <i>Laval</i> ),
Comtois,	<sup>1</sup> Marshall,	Smerchanski,
Gauthier,	McGrath,	Sulatycky,
Honey,	Nystrom,	Whiting—(20).

(Quorum 11)

J. H. Bennett,

*Acting Clerk of the Committee.*

Pursuant to Standing Order 65(4) (b)

<sup>1</sup> Mr. Marshall replaced Mr. Stewart (*Marquette*) on March 6, 1969

<sup>2</sup> Mr. Roy (*Laval*) replaced Mr. Serre on March 13, 1969



## MINUTES OF PROCEEDINGS

(Text)

THURSDAY, March 13, 1969.

(8)

The Standing Committee on Regional Development met this day at 3:45 p.m., the Chairman, Mr. Morison presiding.

*Members present:* Messrs. Blouin, Comtois, Honey, Korchinski, LeBlanc (*Rimouski*), Lundrigan, Marshall, McGrath, Morison, Robinson, Smerchanski, Sulatycky, Whiting—(13).

*Also present:* The Honourable Jean Marchand, Minister of Forestry and Rural Development; and Mr. Peddle, M.P.

*Witnesses: From the Department of Forestry and Rural Development:* Mr. Tom Kent, Deputy Minister; and Mr. D. W. Franklin, Director-General of Administration and Finance.

The Chairman called *Item 1—Administration, Operation and Maintenance*, of the 1969-70 Estimates for Regional Economic Expansion and introduced the Honourable Jean Marchand, Minister of Forestry and Rural Development who made a statement. (See evidence)

Following his statement the Minister was questioned.

At 4:30 p.m., the Minister of Forestry and Rural Development left the Committee and the Chairman introduced Mr. Tom Kent, Deputy Minister and Mr. W. D. Franklin, Director-General of Administration and Finance, and questioning continued.

On motion of Mr. McGrath, it was

*Agreed,—*That reasonable travelling and living expenses be paid to Messrs. Lahey and Nolan, who appeared before the Standing Committee on Regional Development on March 4, 1969.

At 5:30 p.m. questioning continuing, the Committee adjourned to the call of the Chair.

J. H. Bennett,  
*Acting Clerk of the Committee.*



## EVIDENCE

(Recorded by Electronic Apparatus)

Thursday, March 13, 1969

● 1544

**The Chairman:** Gentlemen, now that Mr. McGrath is here I think that we can get down to business. I think, Mr. McGrath, we will postpone the motion that you proposed until after the Minister has spoken. He has to leave us at 3.30 p.m.

**Hon. Jean Marchand (Minister of Forestry and Rural Development):** At 4.25 p.m.

**The Chairman:** I am sorry, at 4.25 p.m., so that we will give him an opportunity to speak to you first and then answer your questions. I think without any further ado, then, Mr. Minister, if you will take over.

[Interpretation]

**Mr. Marchand:** Mr. Chairman, this afternoon I would have liked to talk in a more elaborate manner of the objectives and struc-

● 1545

tures of the new Department. But since the bill is still pending in the House and has not yet been adopted, it is a bit difficult to do so. On the other hand, you will certainly have the possibility of making comments when the bill will be discussed. The House leader indicated that discussion on the bill may start tonight and perhaps even be concluded by the end of the evening, if there is agreement in the House.

Without going into details, I would like, in a few seconds, to remind you of the general objectives of the Department. As far as administration is concerned, we have done, we are doing and we are going to do, a certain amount of consolidation of programs for regional economic development. That means that all the instruments in the hands of the Federal Government to encourage regional development will be under the jurisdiction of the Department which I represent. This includes ARDA, PFRA, DEVCO, the Atlantic

Development Board and all the other regional development bodies.

So, in the first place, we have this consolidation of the various measures. Then there will be their coordination and integration, and then finally, new methods will be adopted in order to correct, as far as possible, regional disparities which exist in Canada.

But this afternoon it is the Estimates which interest you rather than this aspect of the Department. If there are any questions that you would like to put, I will be glad to answer. Unfortunately, my time is limited because at 4:30 there is a meeting of the Planning Committee of the Cabinet at which I must be present. But, of course, you will be able to pursue the debate. The Deputy Minister is here, and I will be glad to come back at another time.

I am at your disposal to answer any questions you would like to put.

[English]

Mr. Chairman, if you will allow me, I will speak now to the estimates. I presume you have a copy of those.

The estimates show that we are proposing expenditures of close to \$192 million, an increase of almost \$38 million over the present fiscal year. Most of this increase can be accounted for by increased activity under the existing ADA and FRED programs.

We also intend to provide approximately \$50 million in advances to provinces, and this raises the program total to more than \$241 million.

You will see from the estimates table on Pages 8 and 9 of the white booklet that the major activities of the department are divided into five main categories.

Since all of you I know are familiar with the existing programs it might be useful for me at this time to point out where these programs fall within the new presentation of estimates in the booklet. Where there has been any major change in expenditure, I will



attempt to give you a brief explanation of the reasons for the change.

The first of the activities is, as always, Administration. There is an apparent increase of \$1.7 million, but of this some \$1.6 million will go to the purchase of computer services. This is not a new item but in the past it has been shown elsewhere in the estimates. So the net change in administrative costs is very small. We will be trying to improve our work and our effectiveness while holding down administrative costs.

• 1550

The second activity, Analysis and Planning, takes in the planning functions formerly carried out by the Atlantic Development Board, the Area Development Agency and the Rural Development Branch of the Department of Forestry and Rural Development and also includes projects carried out under the Canada Land Inventory.

Expenditures under this heading have been quite large in the past, and our first intention is to make what is being done more effective rather than to spend a lot more. The increase from the current year is small.

However, I should make it plain that I expect our planning expenditures to increase in future. We will need to expand our resources in order to do a much more intensive job of planning, which will become increasingly crucial to the whole regional development effort.

The operational activities of the department are divided into three main categories which represent, I think, a logical breakdown of the work we will be doing.

The first of these, the rationalization and development of primary industries and related services, involves the activity we are carrying out under the Agricultural and Rural Development Act, the Maritime Marshland Rehabilitation Act and the Prairie Farm Rehabilitation Act.

For those members who may be particularly interested in PFRA, I might say that our total spending on this program for the year will be \$17.7 million. This is a decrease of over \$2 million from the present year. The decline is not the expression of any change of policy. As will be seen from the detail on page 11, there were some big projects on which PFRA was spending a lot of money—the South Saskatchewan River project, the

Bow River and St. Mary irrigation projects, and the Shellmouth dam—which are now coming to completion.

Activity under the MMRA program, on the other hand, will be stepped up from \$1.4 to \$2.8 million. We are doing this because, as you may know, the government agreed in 1966 that marshland reclamation works constructed under this program would be turned over to the governments of the Maritime provinces for operation at some point after March 31, 1970. We are now engaged in bringing these works up to an agreed standard before this turnover takes place.

We are making an increase from \$18 million to \$25 million in our payments to the provinces under the ARDA program, but this increase is not as large as it may seem because we provided an additional \$6 million for this program in supplementary estimates in the current year.

This increase became necessary because, as you know, this is a shared cost program, and provincial activity, which had been developing slowly, has reached its full level under the agreements.

Accordingly, the amount included in the 1969-70 estimates is the full \$25 million that the 1965-70 Federal-Provincial Rural Development Agreement provides is the maximum which we can pay to the provinces in any one fiscal year.

There is also a small increase in the payments to the provinces to provide for the Canada Land Inventory.

The second operational category, comprehensive development of selected areas including mobility assistance, takes in the activities initiated under the FRED program, the Canada New Start program and the Atlantic Development Board's special assistance program for Bell Island.

Comprehensive development plans, undertaken in co-operation with the provinces, will account for the greatest single increase in the department's spending. Our estimates in this area have jumped from \$9 million to almost \$41 million.

Most of this \$32 million increase will be required to provide for the recently signed Prince Edward Island development plan and for increased activity under the agreement for the Lower St. Lawrence-Gaspé area of Québec.

## • 1555

The Prince Edward Island plan requires us to spend more than \$17 million in the 1969-70 fiscal year on approved programs and projects. In addition, 1969-70 will be the second year of the Quebec agreement, and programming has developed to the point where over \$14 million will be required.

In addition to these figures, the Prince Edward Island agreement calls for loans to the province to fund credit arrangements which are part of the plan. For this purpose, we have provided \$7.6 million under a specific loan vote.

Other programs initiated under FRED, in New Brunswick and Manitoba, will continue at roughly the same level as in the present year.

The estimates also provide for an increase of from \$1.8 to more than \$5 million in the Canada NewStart program.

However, the real increase is not quite as large as it might appear. The four NewStart corporations which were established in 1967 got into operation less promptly than we hoped, largely because of staffing problems, and most of their activities last year were conducted on the basis of funds actually granted to them in the 1967-68 fiscal year. So the change in actual activity, from this year to next, is not as big as it seems.

The estimates for the next fiscal year provide for the continuation of present operations in Nova Scotia, Prince Edward Island, Saskatchewan and Alberta and the start-up of new corporations in New Brunswick and Manitoba.

There is one further item in this category, the Bell Island assistance program, and here we are providing for lower expenditures, because experience under the program has shown that interest is not as great as had originally been anticipated.

The third operations category, incentives for industrial development and assistance for the development of infrastructure, covers most of those items which would have appeared in the past in the estimates of the Area Development Agency and the Atlantic Development Board.

The second largest increase in the department's spending, next to the activity under the FRED program, will be in the incentives payments to industry under the Area Development Incentives Act.

You will see that we expect an increase here from \$33 million to \$49 million. This represents a natural build-up in activity under the program which was introduced in its present form in 1965.

Of course, it takes an industrial establishment some time to get into production, so that much of the money we will be paying out this year will be for projects which were approved some time ago. A number of large projects are due to come into production in the 1969-70 fiscal year. In addition, there is a natural accumulation of current projects on which some payment has been made, but on which there must be further payments in the next year.

We anticipate some reduction in total spending in the incentive-infrastructure area, largely as a result of the fact that the ADB's program of assistance for the construction of trunk highways will be coming to a conclusion during the year.

## • 1600

Our spending on the highway program will be down almost \$10 million from the present year. The \$7.8 million item which does appear in the estimates represents the final instalment on \$55 million worth of highway assistance which has been made available by previous programs. A decision about future highway programs has not yet been taken.

You may also note what appears to be a drop from \$32 million to \$22 million in the kind of assistance to infrastructure which the ADB has in the past made available to the provinces. This drop, however, is more apparent than real.

We have also provided \$7 million in the estimates for loans for infrastructure programs. While this may appear to be a new procedure, it does not in fact represent any real change. The ADB has in the past made part of its assistance available in the form of loans, but these did not appear in the estimates as separate items. For the new estimates, we have extracted the amounts which would normally be made available for loans and shown them separately.

So we are providing \$22 million for contributions and \$7 million for loans, for a total of \$29 million. While the current year's estimates provided for spending \$33 million from the ADB fund it does not appear that the actual outlays will, in practice, exceed \$29 million. In other words, the total spending



projected on projects of this type in the coming year will be virtually the same as in the current year.

One further item under this third operational category is the subventions paid to the provinces of Nova Scotia and New Brunswick under the Atlantic Provinces Power Development Act. This will drop from \$2.9 to \$1.8 million, reflecting the decreasing use of coal in the generation of electric power.

At this time I might also comment on the reduction from \$53 million to \$35 million in loans under the Power Development Act. The decrease is caused by the fact that projects committed earlier are now nearing completion.

To this point, of course, I have been discussing only the Department of Regional Economic Expansion. However, I should also mention the estimates of the Cape Breton Development Corporation, which also form part of this booklet.

I understand that you will wish to have officials of the Corporation appear before the Committee, but I should at this point mention that the Corporation's activities are conducted on a calendar, rather than a fiscal, year basis. Consequently, the estimates now before you represent the first complete year of operations since the Corporation was established on October 1, 1967.

For this reason the estimates tables here do not make a very realistic comparison of expenditures and activities in the two years involved. However, I am sure that the Corporation's officials will be able to place this matter in a proper perspective when they appear before you.

Mr. Chairman, that is what I have to say on the estimates.

**The Chairman:** Thank you, Mr. Minister. Because I am sure many of you will have questions for the Minister, I hope you will co-operate with me if I tend perhaps to limit the time of each member during the question period over the next 25 minutes. Yes, Mr. McGrath?

**Mr. McGrath:** Mr. Chairman, my first question relates to the evidence we heard at our last meeting. I do not think the Minister or his Deputy were present at that time. It concerns the very serious situation that exists on Bell Island. Reference was made to this by the Minister in his statement. He referred to

the fact that interest in the special program that has been devised to help Bell Island has not been as great as anticipated and consequently there is a reduction there.

My question is this: Has the Minister been made aware of the evidence that was presented by this delegation from Bell Island and what action is he or the Department planning on taking to cope with this very serious economic situation now that it has been established that the people are not prepared to move from Bell Island?

**Mr. Marchand (Langelier):** Unfortunately, Mr. Chairman, I am not aware of the evidence. If you agree, I will look at it and when I appear again I will be ready to discuss the situation with you and tell you whether we intend to do anything about it.

**Mr. McGrath:** The other part of my question, Mr. Chairman, relates to the same subject. The Atlantic Development Board as such will cease to exist. What special agency in the new Department will be charged with the responsibility for this matter?

• 1605

**Mr. Marchand (Langelier):** There will be no special agency. The ADB as such disappears, but as you know we will have the council that will replace the Atlantic Development Board. That will be a council which will advise the Minister on all subjects which are related to the objects of the Department itself, but I think the department as such is going to take over the responsibility that was carried out by the Atlantic Development Board.

**Mr. McGrath:** Does the Minister agree that this is a very serious matter; that it has been established that the plan devised by the ADB has not proven to be effective and can we have some assurance from the Minister that they will recognize the urgency of the matter and perhaps conduct some sort of inquiry into ways and means of coping with the situation?

**Mr. Marchand (Langelier):** I do not know whether I stated it publicly but I think I did, but one of the main objectives of the Department will be to try to correct those disparities in the Maritimes. I think the greater part our efforts will be in the Maritimes or in Eastern Canada. That does not mean we are not going to worry about what is going on, say, in Northern Ontario or Manitoba, or in the



northern parts of Saskatchewan or Alberta, but I think we will make a special effort for the Maritimes or Eastern Canada.

This is the main task of the Department. Whether we are going to be successful or not I cannot tell you now, but I can assure you that we are going to make the effort.

**Mr. McGrath:** I have just two further questions, Mr. Chairman, because I know the Committee was very generous in giving its time to this subject at our last meeting and I do not want to take advantage of the situation. Mr. Chairman, this is directed to you. Has the Committee received the statistical information that I requested at our last meeting?

**The Chairman:** I believe they are gathering it, Mr. McGrath, and you will find it printed along with the report.

**Mr. McGrath:** When can we expect the report, Mr. Chairman?

**The Chairman:** I think probably in the near future, Mr. McGrath. I know that it has been delayed and that is why we are going to ask you to make your motion today; I would think in a matter of three or four days after that.

**Mr. McGrath:** I have one further question prompted by recent statistical data released by the Dominion Bureau of Statistics showing the average levels of income for the month of November. I was rather astonished to find that fish processing workers in the Province of Newfoundland earned on the average \$43 per week, whilst their counterparts in British Columbia earned—and I am speaking from memory, but this can be verified from the November report—\$133 per week.

To my mind this is what regional disparity is all about. I would hope that this is the type of thing that the Department will get its teeth into, because why should that great disparity exist between people doing the same work in Newfoundland and in British Columbia? Incidentally, the figures for Nova Scotia are not very much better. That is by way of an observation.

Mr. Chairman I have one final question. Will the centralization program undertaken in Newfoundland in co-operation with the Newfoundland government, which now comes under the Department of Fisheries, come under the your new Department?

**Mr. Marchand (Langelier):** I think I can say that no decision has been made on this subject. This is something that we intend to discuss, but I cannot give you an answer right now.

**Mr. McGrath:** Is it fair to say that the subject is under consideration?

**Mr. Marchand (Langelier):** All those subjects, will be considered by the Department because they are related to what we are trying to achieve. The decisions will be announced.

**Mr. McGrath:** Thank you, Mr. Chairman.

**The Chairman:** Mr. Marshall?

**Mr. Marshall:** Mr. Minister, I am very concerned because in your statement I read no mention of the Province of Newfoundland in any of the incentive programs nor in any of the plans. I am very concerned, because repeatedly you hear announcements that there

• 1610

is a FRED program in Western Newfoundland of \$305 million. I am just wondering whether you can bring me up to date on any progress. Is there any anticipation of signing a FRED agreement with Newfoundland, or under the new equivalent of the new department?

**Mr. Marchand (Langelier):** No, not at this moment. I think you will understand that we speak of the Maritimes usually as...

**Mr. Marshall:** The Atlantic Provinces.

**Mr. Marchand (Langelier):** ... a unit, but it is not actually. Problems in P.E.I. are not the same as they are in Newfoundland. Nova Scotia and New Brunswick are different, too. Therefore, I think, that we will have to design a special program for each of the Atlantic provinces or part of the provinces, but I think it would be useless to have a plan for Newfoundland comparable to the one we have for Prince Edward Island. The conditions are so different that it would be useless to have a similar plan, and I think we will have to find a special formula for Newfoundland.

**Mr. Marshall:** But, Mr. Minister, for the past two years there have been studies being made and evidently there is a report which is supposed to be in the hands of the Department now and for some strange reason what I

read is that you want involvement of the people on the ground in the provincial government and the federal government and nobody seems to know what is going on. I think by mutual co-operation there could be some good advice given to the people studying it. There has been a man in the area for the past two years doing a good job and nobody seems to know at what stage it has arrived without the reports that appear in the papers.

**Mr. Marchand (Langelier):** You will understand that if we thought, rightly or wrongly, that it was useful to create this new department it is because we were convinced that the way the old programs were handled was not satisfactory; otherwise we would not have done that. So I think that we will have to revise the former policies. As far as the Prince Edward Island plan is concerned, this we carried on because we were already involved and this had to be completed. It is not the same situation in Newfoundland and this is why at this moment I think you are right. You have reason to believe that nothing clear is stated about the future of Newfoundland or what we are going to do and perhaps it will take some time before we can say so too.

**Mr. Marshall:** Can I impress upon you, sir, the serious necessity and the potential. If there is any help that I can give it is forthcoming. It is very serious and it should be looked into.

**Mr. Marchand (Langelier):** Yes. I am very convinced of that too. I hope that we will soon be in a position to tell you exactly what we are going to do for Newfoundland.

**Mr. Marshall:** Thank you, Mr. Marchand.

**Mr. McGrath:** May I ask why the FRED program has not been signed with the Government of Newfoundland?

**Mr. Marchand (Langelier):** No FRED plan has been signed with Nova Scotia, no FRED plan has been signed with Ontario—there are only a few FRED plans, ARDA programs and the Interlake Agreement in New Brunswick, but the case of Newfoundland is a very special case. It is the only case where you have a program covering the whole province because of the size of the province—there are 100,000 people in P.E.I.—while the situation is not the same in Newfoundland nor in Nova Scotia. I

do not think that we are going to sign with any province the same type of agreement that we signed with P.E.I.

**Mr. McGrath:** No, but you have partly answered my question by saying that Newfoundland is a special case but for reasons other than those you enunciated, the reasons being, in my view, that there exists in the Province of Newfoundland a very serious economic situation which is nonexistent anywhere else in Canada, the consequences of which are serious unemployment and extensive welfare programs which are a drain on the taxpayer and which are doing so much harm to our people. It is because the situation in Newfoundland is so serious that one would have expected that this province would have been high on the list of priorities for a FRED program.

**Mr. Marchand (Langelier):** There is nothing magic about a FRED program. I think that what you...

**Mr. McGrath:** It is all we have.

**Mr. Marchand (Langelier):** No, we may have other things; we may find another way of helping Newfoundland. As you say, probably the problems in Newfoundland are more complicated than anywhere else but that means, at the same time, that it takes longer to work out a solution and to find the proper way of helping the Newfoundland Government and the people of Newfoundland.

**Mr. McGrath:** I submit that perhaps the real reason is that the Newfoundland Government is in such serious financial circum-

• 1615

stances that it cannot underwrite its part of the program.

**Mr. Marshall:** May I ask one supplementary?

**The Chairman:** If you do not mind, Mr. Marshall, Mr. Leblanc is next.

[Interpretation]

**Mr. LeBlanc (Rimouski):** Mr. Chairman, since the agreement that was signed in the Spring of last year, in Rimouski, the Minister stated jointly with a representative of the Government of Quebec, that amounts will be spent in order to carry out parts of the plan which we call the "BAEQ Plan".



I simply would like to know under what vote in the present Estimates these amounts that have been spent have been entered.

**Mr. Marchand (Langelier):** It is on page 12, Mr. LeBlanc.

**Mr. LeBlanc (Rimouski):** On page 12?

**Mr. Marchand (Langelier):** Do you have trouble finding it?

**Mr. LeBlanc (Rimouski):** I'll find it. I'll take this down.

**Mr. Marchand (Langelier):** Page 12, of the White Paper, under "Contributions"—second paragraph, under "Operation."

**Mr. LeBlanc (Rimouski):** Thank you.

**Mr. Marchand (Langelier):** In the Blue Book, it is under vote no. 10.

**Mr. LeBlanc (Rimouski):** Thank you. Very well. Thank you, Mr. Chairman.

[English]

**The Chairman:** Mr. Lundrigan.

**Mr. Lundrigan:** Mr. Chairman, the first thing that I think we should understand, just for the record is that when the Minister mentions the "Maritimes" he is thinking of the Atlantic provinces. I am not trying to be facetious because there is a difference by definition and I think everybody would be in agreement with allowing the Minister's remarks relating to "Maritimes" to be interpreted in the report as the Atlantic provinces because somebody just might take it up and blow it up for what it is not worth.

Mr. Chairman, by way of an observation first, there are a few things which bother me about the new department, one of which I indicated last fall when we met on the last year's Estimates relating to the amount of time that it takes the government to become mobile as a result of the reconstructing process, and even if the Minister is the Minister for the next 10 years—I am not advocating this—but even if he is the Minister for the next 10 years, I still think that it is imperative that the government get off the ground in quite a hurry. Some of these things tend to be rather in the nature of an emergency, especially when you are dealing with the problem of regional disparity which has been set up as one of the fundamental problems of the new government in Ottawa and one of the solutions for which every part of

Canada is looking to your Department, Mr. Minister, with a great deal of anticipation. I am not only thinking of my native province or the Atlantic provinces at all. I am thinking about every province in Canada and this gives me great concern that we might get so taken up in the structuring that sometimes we lose sight of the important goals. Can the Minister give us an indication of how he is attempting to co-ordinate the work of various other government departments with his own? I do not care how capable a minister is or how powerful a department is. Unless the whole government—and I am thinking of every government department—is really willing to co-operate and make as one of its basic aims the tackling of the problem of regional disparity, then we are going to be in the same mess 10 years from now as we are in today in some parts of Canada. The reason I ask the

• 1620

question is that I have had a good deal of correspondence and negotiations, discussions and one thing and another with several government departments, the Department of Public Works and the Department of Transport in particular, and I do not seem to have any success in having these departments stay certain decisions which adversely affect certain areas in the Atlantic Region until it has the opportunity of negotiating with the Minister. I know they have not, because I have specifically asked this question and have specifically requested it, at times; and whereas the Minister has said all along—and I think we have been in agreement with this—that we have to wait until the Department is set up in order to take an over-all look at the situation in the Atlantic Provinces and in Newfoundland, as well, nevertheless other government departments have been going ahead in leaps and bounds...

**The Chairman:** Excuse me, Mr. Lundrigan. We want to give the Minister time to answer your questions.

**Mr. Lundrigan:** Mr. Chairman, I was intending to take approximately five minutes, and perhaps spend about two-and-a-half of that asking my questions.

**The Chairman:** You have had a good two-and-a-half now. You are into your own five minutes.

**Mr. Robinson:** I thought we were supposed to ask questions, not make speeches?



**Mr. Lundrigan:** Mr. Chairman, we did not have with us today a Chairman who would have liked to have given a reaction to the Minister's statement. Consequently, I am partly assuming that role, as well.

In view of the fact that I do not think there is enough money in these estimates—we are talking about a little over \$200 million—to make any significant impact on regional disparity, may I ask what kind of co-operation the Minister is getting, and what concrete steps he is taking, to get it, from other government departments and to ensure that these departments, as well, have the solving of regional disparity as a main aim and will co-operate with him to arrive at certain decisions? One of these is the extension of the runway facilities in a number of airports in the Atlantic Region. Nothing is being done about that, and we cannot seem to get any action; yet it would be a great stimulus to a number of areas in the Atlantic Region.

**Mr. Marchand (Langelier):** I think this is a very touchy point and a very interesting question, too. I presume you have read the Bill which is before the House I cannot tell you exactly what it is, but it mentions at one point that the Minister will have authority to negotiate and discuss with other departments so that we have a more coherent policy concerning regional development.

Of course, I cannot, as the Minister, compel other ministers to do something, or to refrain from doing something, but I can refer directly to the Cabinet once I have discussed with the other ministers, and the Cabinet can of course intervene and accept or ratify what we think is the proper way of solving the problems we wish to solve.

Therefore, as a minister, I do not have any authority to dictate to other ministers what they do in their departments, but, on the other hand, I have the authority to look at what they are doing and discuss with them and make a report to the Cabinet. This is what the Clause says:

(b) with the approval of the Governor in Council, provide for co-ordination in the implementation of those plans by departments, branches and agencies of the Government of Canada and carry out such parts of those plans as cannot suitably be undertaken by such other departments, branches and agencies.

Will it work? I do not know. This is something new in the government, but if the

House approves of this I think it is possible to have some kind of co-ordination. This is the first part of your question.

On the second part, relative to the amount of money, I have, of course, been fighting very hard to get as much money as I can. Is it enough? This I am not sure of either.

But even if we had \$300 or \$400 million more in the Estimates for the coming year I am not sure that we would be in a position to spend it. For example, how long does it take to put a plan into operation after it has received a grant by the ADA? It may take two, three, or four years before they are ready. Therefore, you should not consider those figures as definitive, and there will be a

#### • 1625

progression, there is no doubt in my mind.

Take the PEI plan, as an example. You cannot spend a whole \$250 million in one year; it is not possible; and I am not sure that it will be possible to spend even what we have in our Estimates now.

You may be right on this, and if you can convince the House that it should give the Department more money and it can find some place from which to get this money...

**Mr. McGrath:** If you have any left over from PEI would you give it to us, Mr. Marchand?

**Mr. Lundrigan:** Mr. Chairman, not having enough time I may not have developed my question properly. What I was trying to say was that even if, instead of the \$200 million, you had \$500 million, it is not going to be as important as the success the Minister has in getting other departments of government to cooperate. Take the Department of Public Works. It went on holiday in the Atlantic Region.

**Mr. Marchand (Langelier):** Probably you are right.

**Mr. Lundrigan:** It went on holiday. We cannot get a damned thing from the Minister of Public Works this year. I do not know why. I am sure there is no ulterior reason. But the fact is the Department of Transport is again spending its money in Vancouver, Montreal and Toronto—and this is regional disparity of a type different from the one I was thinking of.

It might be imperative that the Minister immediately try to get some of these other ministers to develop the same kind of attitude that I am sure he has. Would he agree to talk particularly with the Minister of Transport and the Minister of Public Works?

**Mr. Marchand (Langelier):** I will tell you one thing. If we do not succeed in getting the co-operation for which we have authority under the law, I am sure that this Department will not be a success.

**Mr. Lundrigan:** I agree completely.

**Mr. Marchand (Langelier):** I am sure of that.

**The Chairman:** Mr. Robinson?

**Mr. Robinson:** Mr. Chairman, my question relates to what Mr. McGrath said earlier about the situation in Bell Island. I was here at the time they made their presentation, and they had a number of proposals. I think it is only fair to say that the evidence that was presented was very sketchy. About all one can say is that they had 15 proposals, on none of which had they any idea whether or not they were realistic.

Would the Minister, through his Department, consider these 15 proposals and decide whether any of them are realistic or could be carried out in any way? Because it seems that these are the matters that the people are concerned about.

Secondly, because the people seem to lack interest at this time in the sort of a self-help program that has been available to them, has the government any intention of in some way changing the program, or of considering it merely as a stop-gap measure, or a temporary program, until something more permanent can be worked out?

**Mr. Marchand (Langelier):** I do not know. This is a very important question.

Do you mind if Mr. Kent carries on? I will come back at 1.30 p.m. Defer all the questions you think I am the only one who can answer. I am not able to, but, if you believe so, I will be happy to answer all the questions you have at that time. I am at your disposal anytime you want to meet me. Excuse me, I have a very important committee meeting this afternoon at 4.30 p.m. and I would not like to miss it.

**The Chairman:** Are you going to get some of that \$200 million for Mr. Lundrigan?

**Mr. Marchand (Langelier):** Yes, probably! Excuse me; Mr. Kent will stay with you, if he does not mind.

**The Chairman:** Thank you, Mr. Marchand.

**Mr. Marchand (Langelier):** Thank you very much.

**The Chairman:** Gentlemen, I think you all...

**Mr. McGrath:** Do you think we could have an answer, Mr. Chairman, to the question posed by Mr. Robinson?

**The Chairman:** Yes. I was just going to introduce Mr. Kent to the Committee, and also Mr. Don Franklin, who is Director General of Administration and Finance.

I do not know whether or not you will want to question Mr. Franklin today, but I have introduced him because he has done a great deal of work in compiling a form that will enable you to transpose the figures from the Blue Book to the new white form.

I do not know whether I have exceeded my responsibility as Chairman, but I have indicated to Mr. Franklin that I thought we would deal with the new form of the Estimates almost entirely, and will just gradually phase out the Blue Book, or will not use the Blue Book at all.

But to answer your question, Mr. McGrath, and yours, Mr. Robinson, here is Mr. Kent.

**Mr. T. Kent (Deputy Minister, Department of Forestry and Rural Development):** Thank you, Mr. Chairman.

Yes, Mr. Robinson, immediately the brief was presented by the Bell Island Committee we, of course, were able to receive a copy in the Department. We started immediately to look at the suggestions in it.

I must, in honesty, say that most of them are not new. They are suggestions which were considered some time ago by the ADB and were found not to be practicable. But there were some new suggestions, and we certainly will examine those and look again at the ones that were considered before and at that time seemed not practicable. However the circumstances may have changed and certainly we will look at them all again.

On the specific point of mobility assistance perhaps I should say that there is no change in the administration in that respect. That special program was not part of the ADB fund for which the Board as a board was



• 1630

responsible; it was just that the staff of the Board was the chosen instrument for the implementation of the particular program. So that the departmental change does not make any difference at all in that respect.

That was of course a program which was established in the belief on the part of the government of the province and the ADB that there did not appear to be any strong viable economic alternatives on the island and the maximum first effort should be made to assist those people who are willing and able to move to do so. The main expenditure for that purpose was of course made by the Department of Manpower and Immigration, but there was this supplementary assistance provided in a smaller part by the province and largely by the ADB. It does appear that the quite large proportion of people who have been able to move get other jobs, that that is essentially over and clearly there is a remaining problem of great seriousness. I must say that the Minister is well aware of this. He and I went to Bell Island, from the point of view of our concern in manpower and immigration, a year ago this past fall, and we did see the problem at firsthand. At that time there was still quite a bit of movement off the island taking place. However, we fully recognized what a serious remaining problem there was and if any practicable solutions can be found by way of establishing a viable activity on the island then of course there is no question at all about our concern to do it. But, frankly, it is very difficult to see anything which will be effective.

**Mr. Lundrigan:** May I ask a supplementary question. What exactly do you mean by some practical "viable activity"?

**Mr. Kent:** Something that will provide adequate earnings for the people who are still on the island.

**Mr. Lundrigan:** The reason I asked the question, Mr. Chairman, is that the one thing which I have heard 100 times in the last three or four years—in fact it goes back since it all began—is the fact that some of the proposals are not, in the economic sense, viable. If we look to other areas in Canada where such problems have existed we find that there were large initial outlays to get some programs developed, which did cost the govern-

ment in a different way. Right now it is costing some government a good deal of money but it is certainly not providing a good way of life for anybody. I think that the Department has to think in terms of ways which are not necessarily economically viable to provide stimulus for the people of the area. This is why I ask the question.

**Mr. Kent:** Mr. Chairman, I was perhaps using the word "viable" in a sense different from the one which you took, sir. Most certainly by "viable activity" I do not mean one which is economic in the narrow sense and can get started by itself. In that case there clearly would be no need for government involvement. Certainly, gentlemen, the things we are talking about are such that the government has to put money in, in order to get them started. I agree entirely. But there is no use starting something which does not have a chance of survival afterwards.

**Mr. McGrath:** May I ask a supplementary question of a general nature?

• 1635

Has the new department or the government given any consideration to changing the requirements under the Canada Assistance Plan—you correct me if I am wrong, Mr. Kent—whereby the government of Canada pays 50 per cent of the cost of welfare, carrying with it the condition that the welfare only be used for welfare? In other words, people who are recipients of welfare are not permitted to work. Now the government of Newfoundland and I think other governments as well have referred to this on a number of occasions and have said that if they were allowed to funnel this money into make-work programs it would be of great benefit to the people. Now this has to do of course with Mr. Lundrigan's suggestion as well. For example, if the people of Bell Island, could work for their welfare cheque they would much sooner go out and clean up their streets, clean up the slums, improve their community and at the same time maintain their self-respect which they cannot do under the present circumstances as recipients of welfare.

**Mr. Kent:** Mr. Chairman, I have to answer the question a little carefully because, as the Minister said, this is a very difficult question because the responsibility for the Canada Assistance Plan of course on the federal side



rests with the Department of National Health and Welfare.

However, I do know that this aspect of the plan and indeed some other aspects which could be helpful in this kind of situation have been reviewed on a number of occasions and that there has been some quite recent consideration. I do not think that the possibility of using the plan in the way you have just expressed in relation to the particular problem of Bell Island has been considered. But if I may say so, it is a suggestion which I would be very happy to consider with the Department of National Health and Welfare.

**Mr. McGrath:** Thank you very much. I had meant a general application, with Bell Island as a specific example.

**The Chairman:** Mr. Robinson.

**Mr. Robinson:** Could we have some indication as to what the government's policy is when a program such as has been proposed and carried out to some extent in Bell Island does not work?

**Mr. Kent:** It would be to try to find another program if the need is there. Now this is bound to happen on occasion and we cannot escape that. Programs are devised for what seems to be the best possible response to a problem and sometimes they are very effective, sometimes they are not as effective, and sometimes they are hardly effective at all. If that is so then we have to be prepared to modify or abandon that program and find another one.

In the case of Bell Island, the program decision made quite some time ago was, rightly or wrongly, that the main response to the Bell Island situation had to be to help most of the people looking for employment and they had to find it off the island. That was the program decision that was made by the two governments concerned and the policies were set up for that purpose.

It would not be true to say that they have been altogether ineffective. I forget the exact number of people who have moved to employment elsewhere but it is a very considerable proportion.

**Mr. Robinson:** My understanding is that the program worked, to some extent, effectively in the initial stages in that the population of Bell Island decreased from some 14,000 to 7,000, and when the brief was presented to us

I think one of the gentlemen mentioned that the population had been further reduced to 6,300.

**Mr. Kent:** Yes.

• 1640

**Mr. Robinson:** But it seems that now we have left a sort of hard-core community that are not prepared to move and I am wondering what the proposal of the government is in this regard. It would seem to me that you have a community that is beyond the point of being able to utilize the kind of self-help that is available to it. Does the government then come along and say to them, "We are going to have to force the situation on you." Or are we going to continually pour in welfare?

**Mr. Kent:** I can understand, Mr. Chairman, that that is indeed a serious way to look at the problem. I think we all recognize that the need is implicit as the Minister said, and in these estimates under the provision for the special mobility assistance, we are recognizing that further mobility, certainly in its present form, is not going to solve the problem. Whether a more effective way can be found is the question that we will have to try to answer.

**Mr. Lundrigan:** A couple of weeks ago the Committee heard representatives from Bell Island presenting certain suggestions, I will call them. Some of them might be very practical, others not so practical. And I think the Minister has indicated, and Mr. Kent as well, that a very close look will be taken at these recommendations with the hope of being able to come up with some new initiatives. Has there been any provision in the previous plans and programs for taking initiatives from a government point of view, rather than waiting for people who really have become so desperate right now that they are prepared to do anything in order to try and bring some help? Why has the government not taken initiatives, such as setting up committees or investigations or commissions or some such thing to look at all the various alternative programs which might have been used to stimulate the economy?

Why is it that now, in 1969, years after the initial impact, there is real tragedy? To describe it as human tragedy is not an attempt to appeal to anyone's emotions; it is evident. It is there in existence. Why has the govern-

ment not taken real initiatives to set up the special inquiries, the special commissions that are necessary to bring expertise to bear on the problem and hopefully to take the kinds of initiatives that we are hoping will materialize from the recent approaches to government?

**Mr. Kent:** Well, Mr. Chairman, I think the answer is that such a special inquiry was made. I think I am right in recalling that Dr. Weeks discussed this with the Committee when you were considering the current year's estimates. I was not involved myself at that time, but I remember quite clearly that at the time when the decision to close the mine was made, a special joint committee on the federal side, which then worked jointly with the provincial side, was established to try to determine first whether there was any possibility at all, in fact, of keeping the mine open, and secondly, if that decision was negative, what other economic activities might be introduced. I do not mean economic in a narrow sense; other activities that could be permanent might be introduced on to the Island. The committee also tried to determine, thirdly, to what extent the only solution was to help people to move off the island, and if so, what were the most effective means of doing that.

**Mr. Lundrigan:** And that was the decision, was it?

**Mr. Kent:** That was the essential decision, yes. But this was the result of a very careful inquiry, of which Dr. Weeks was the chairman.

**Mr. Lundrigan:** Yes, Mr. Chairman, but it has been obvious for a number of years that...

**The Chairman:** Mr. Lundrigan, I do not want to cut in here but there are three or four waiting. We have discussed Newfoundland at some length today, and I know it is an important subject. I think Mr. Robinson has been very generous in allowing supplementary questions, but I would like to hear his questions through and then Mr. Korchinski and a number of the Western members have questions. When they are through maybe we can come back to your question again.

**Mr. Robinson:** I have only a couple of more matters. First, I would be hopeful that Mr. Lundrigan is not suggesting that we continually stimulate an economy that is totally dead

or non-existent, because this is absolutely foolish. I certainly would not suggest for one minute that the taxpayers that I represent should continue to pour money into something of this nature. I think we want to help the people but we want to look at the problem realistically and not continually pour money down a drain. This is exactly what we would be doing.

**Mr. Lundrigan:** I accept the Chairman's ruling about my questioning and I hope I will get back to it. I can assure the people here that I will get back to the problem. But I did not make any suggestions that anybody pour

• 1645

any money. I am trying to ask questions about why new initiatives are not being taken even though it has been obvious for two years that the mobility efforts are not going to result in the community perishing. This was the hope, that the problem would vanish. The problem has not vanished.

**Mr. Robinson:** You use the term "stimulate the economy" and I think you only do that in one way and that is with money.

**Mr. Lundrigan:** Well, that is a narrow-minded interpretation of it, and perhaps you are entitled to go ahead with that interpretation.

**Mr. Robinson:** I do not see anything in the estimates except money.

**The Chairman:** Let us not have an argument about the interpretation of the word "economy". Will you continue with your questioning, Mr. Robinson?

**Mr. Robinson:** The one further question that I have is with regard to statistics, and I am wondering if the Department does have statistics indicating, for instance, the number of old-age pensioners, the age distribution of the population there, such things as the number of employables, whoever they may be, and what their trades and qualifications are. One of the gentlemen who appeared before us the other week from Bell Island indicated to me that most of the men had gone to work at the age of nine and ten years in the mines, that they had very limited education and their potential for retraining was almost nil. I am wondering if this aspect of it has been considered and if there is any possibility of helping these people in this area.



**Mr. Kent:** Certainly, Mr. Chairman, if the Committee would like statistics of that nature I am sure they can be provided. So far as the policy in this respect is concerned, there have been very extensive programs of retraining at the school on the Island, in operation ever since the crisis came, and there is no doubt I think that the people have been able to obtain the best training for which they had the initial capacity to take advantage. Undoubtedly, for the older workers, it is very hard to get effective retraining.

**Mr. Robinson:** Mr. Chairman, that is all I want to ask at this time.

**Mr. McGrath:** Mr. Chairman, on a point of order, before we leave this subject. I have to leave the meeting briefly. Perhaps you might now entertain my motion.

**The Chairman:** Yes, Mr. McGrath.

**Mr. McGrath:** Mr. Chairman, I move that Messrs. Lahey and Nolan, the gentlemen who appeared before the Committee from Bell Island at the last meeting, be reimbursed for reasonable travelling and living expenses incurred during their appearance before the Regional Development Committee.

Motion agreed to.

**The Chairman:** Mr. Korchinski.

**Mr. Korchinski:** Mr. Chairman, as a result of the Minister's statement earlier, I have one or two questions here in regard to the Atlantic Development Board. I think you suggested that the Board as such no longer exists, that it will only exist as a council. Will this council have any authority to initiate any programs on its own, or will it simply wait around until being asked to look into the feasibility of a program and give a report on its merits or otherwise? What will their role really be?

**Mr. Kent:** Well, since this question directly concerns the legislation now before the House, it is not properly mine. But with the Chairman's indulgence I am willing to try to answer it to the best of my ability. The bill before the House provides that the council would have complete freedom of initiative to make proposals, to make recommendations on any matter related to the Minister's responsibilities with respect to the Atlantic Region. And the powers of initiative belong to it. It does not, of course, have the power to carry out programs, to spend money. That is the

authority which Parliament provides to the Minister. But so far as initiating proposals is concerned, it is completely self-starting. It does not have to sit around and wait for the Minister.

**Mr. Korchinski:** It will be a properly constituted body that will continue to function at all times rather than just come in on the advice of the government or the Minister, and at a certain time start to function on a part-time basis.

• 1650

I want to go on to another aspect. With the re-organization that has been undertaken, I hope the Department is not intending to take advantage of this re-organization to phase out certain programs that have been undertaken under previous Ministers or under other departments.

I can give you an example of that I have in mind. I think may be it has been going on in other departments for the last couple of years. I am thinking of the grants that have been available, particularly in the West, for dug-out construction and that sort of thing. Although it has not been completely phased out, I know that the amount of grant that has been made available is smaller today than it was several years ago. There was some sort of study conducted several years ago which suggested perhaps that some of these might be dropped and I am wondering whether the Department is considering dropping some of them simply on the basis of a report that I disagree with entirely and which is contrary to my experience that a lot of these projects have been very, very useful and will continue to be useful despite the fact that there is no obvious way of putting a definite dollar sign on the value of the project. I wonder whether you can comment on that aspect of it?

**Mr. Kent:** Yes, Mr. Chairman. Certainly since the decision to form a new department there has been no consideration of a change of policy in respect of PFRA specifically as you are suggesting. It is my understanding that over an appreciable period there has been a tendency for activity under the dug-out program to decline for, I suppose, the simple and natural reason that when PFRA started there were not any dug-outs.

Nobody quite knows how many it has done. They did not keep very careful statistics in the early years, I believe, but certainly it is



in excess of 100,000. They have transformed farming over considerable areas of the Prairies but the program has gone so far in that case. That is an example of a program that has undoubtedly been so effective that the amount of activity under it has tended to decline but purely for that reason, not because of any change in policy.

**Mr. Korchinski:** Several years ago there was also a considerable amount of concern that the whole department might be phased out. The matter was raised in the House and at that particular time we were re-assured that this was simply a transfer of authority from one Minister to another and the matter was then dropped. I wonder if you could just give us re-assurance at this particular time again that there is no further consideration along that line, because there was considerable excitement in offices out West at that particular time.

**Mr. Kent:** Mr. Chairman, I think the proper thing for me to do is to refer you to statements which the Minister has made—and I believe the Prime Minister also made one—to the effect that the transfer of PFRA to the new department involved no change whatever in the policy or the organization. I say that as a paraphrase of the precise words that were used, but the Minister certainly used words in that general sense in the House if I remember rightly, and so perhaps that should be the official record. I refer you to that statement, or we could look it up and send it to you if you wish.

**Mr. Korchinski:** Perhaps the rule might be a little different but their need will still be as great. I understand that an agreement has recently been signed by the federal government with the government of Province of Saskatchewan in regard to a project undertaken at Cumberland House. Are you familiar with that at the moment?

**Mr. Kent:** Perhaps I might ask whether we might not take up questions about the details of it on another occasion. Certainly I am aware of the project. You are quite right; the agreement was signed a little while ago to undertake the project. It is under the ARDA program. It is a project, as you know, essentially involving farm development for Indian people and I can confirm that it exists. If you want to ask more detailed questions about it perhaps I should defer that until we have someone from ARDA among our witnesses.

• 1655

**Mr. Korchinski:** I am satisfied with that.

**The Chairman:** Thank you, Mr. Korchinski. Mr. Smerchanski?

**Mr. Smerchanski:** Mr. Chairman, I would like to ask a question for clarification concerning the Atlantic Development Board which had some special objectives such as power, transmission and roads. If this is being phased out, am I correct in assuming that this was really a special condition in terms of the Atlantic Provinces and am I correct in assuming that the other agencies such as FRED or ADA or special development corporations such as the DEVCO, the PFRA in reference to the marsh land program, are going to be co-ordinated in the Department to achieve a more definite and effective approach to the problems in those areas? This is my understanding; is it correct?

**Mr. Kent:** Yes, that is correct, Mr. Chairman. Perhaps I should say that the particular type of program for which the ADB was responsible in the Atlantic Provinces and which was not conducted elsewhere is covered in the new legislation for the Department in a general way, so it could be applied to any special area and not restricted to the Atlantic Provinces. The relevant section of the bill provides for exactly the sort of things that the Atlantic Development Board has done, without the geographical restriction.

**Mr. Smerchanski:** Mr. Chairman, much has been said about poverty and depressed areas. From what I know of a program such as ADA, in some instances it has been abused by various regions simply because there has been a lack of co-ordination, not only from the standpoint of regional development but possibly by both the provincial and federal authorities.

In other words, at times under the ADA project an industry has moved into a section of the country in competition with an industry already in existence. By virtue of competition, those industries that have been in existence and have been contributing to the tax revenue of the country are forced into a competitive position and their profit disappears, with the result that you have established a new industry which is not able to carry itself along and you have in reality destroyed an existing industry. I think there should be

some over-all co-ordination between provinces and between areas so these errors will not be made again.

Mr. Chairman, I could point some of these out, but I think that can be done when we take up the estimates at some later meeting. However, I think in a general way there should be some co-ordination and a great deal of attention paid to make sure that those industries that are contributing taxes to the Treasury of the Government of Canada are preserved.

The ADA program is an excellent one, but I do not think that any time any government should walk into an area and tell the people what to do. Some initiative should be left to the people in that area in industry, both on the management and labour sides. You know, this ADA program gives you a golden opportunity to bring up some of these poverty or destitute areas, but my goodness, Mr. Chairman; we cannot sit by and let the government do everything for us.

I think this has to be initiated or has to be sparked by the people in the area, by their representatives, whether they be on the pro-

• 1700

vincial or the federal level, and these agencies set up. I am referring particularly to areas such as those in Newfoundland. There is an agency provided to do this work but I do not think we can expect any government to move into an area and say, now we are going to tell you what to do. It has to be reversed; the people in that area have to come forward and say what they want, and I think if this approach is taken the ADA program is one that can answer the needs of many poverty-stricken areas in Canada. Having said that, there is something else I would like to know. As I understand it, PFRA is a provincial-federal joint responsibility and it is on a cost-sharing arrangement. Will any new agreements be made in order to resolve the various projects that might be taken under PFRA in the future?

**Mr. Kent:** Mr. Chairman, most PFRA projects are carried out on the basis that the federal government pays 100 per cent of the cost of construction. Normally, in the case of a dam or an irrigation project, when construction is completed the operation is then turned over to the province. Of course, in the

case of some smaller projects it is turned over to the individual farmer. There are some which are cost-shared. In so far as all projects are concerned, without exception they are not initiated whether they require a formal agreement with the province or not, and very many do, and they are only initiated after consultation with the province concerned. In some cases there is a formal agreement and in other cases there is no need for a formal agreement, but there is consultation. I suppose the answer is that there is a great deal of consultation and making of agreements going on all the time.

**Mr. Smerchanski:** I have one more question, Mr. Chairman. In reference to some of these projects such as FRED, has any consideration been given to including the development or furtherance of the smaller towns that are included in these areas in order to bring them along with the development of the rural sections? In this way you will have a small town that will receive some benefit in the area in order to upgrade the entire area, rather than just upgrading the urban area around it.

**Mr. Kent:** Yes, Mr. Chairman, this is provided for in various ways in the FRED agreements. It is provided for in some measure in the most recent one, the P.E.I. Agreement, and of course in all of the agreements, including the Interlake Agreement in your province, sir, there is provision for the review of those agreements as they proceed. Also, there is always the possibility of shifting the balance, in the light of experience, between the purely rural developments—land reclamation or irrigation, whatever it may be—and the urban developments in the region.

**Mr. Smerchanski:** Thank you, Mr. Chairman.

**Mr. Sulatycky:** Mr. Chairman, I would like to deal with a specific matter that Mr. Smerchanski touched on. So far as petroleum refineries are concerned, has any consideration been given to curtailing the ADA program east of the Ottawa Valley? You are probably aware that this is having an adverse effect by eroding the national oil policy.

**Mr. Kent:** This is a very difficult question, Mr. Chairman. We are certainly aware of the problem. It is a problem for us in some respects and it is a problem for other agencies of government in other respects. I hope you



will excuse me but I do not feel free to say more than that at this point.

**Mr. Sulatycky:** I am speaking of the capacity of the refineries that will be in production as soon as the ones which have been announced are completed. The refinery capacity east of the Ottawa Valley is greater than the potential demand in that area, and to pour any further money into refineries in that area is going to create an uneconomic condition in so far as petroleum refineries are concerned. It seems logical to me that we should immediately curtail any further loans under the ADA program to the refineries in that area. Nothing could be simpler.

• 1705

**Mr. Kent:** As you are aware, sir, the present ADA program is not one which lends itself to curtailment in that sense. It is a program which provides grants up to a maximum of \$5 million for any new project which qualifies as a manufacturing or processing operation in a designated area, and under the legislation as it stands there is no sense in which the government could make a decision to curtail—

**Mr. Sulatycky:** And exclude a particular industry?

**Mr. Kent:** Quite. Perhaps I should add, though, that we fully recognize the reality of this problem. The maximum grant under the program is \$5 million and that is not really very much in relation to the investment cost of a refinery, and it is probably rather doubtful whether the ADA grants have been a significant factor in decisions concerning the building of new refineries. It may have influenced their exact location which, after all, is the point of the policy, but I think it would be rather doubtful whether it determines the decision to create a new refinery.

**Mr. Sulatycky:** Mr. Chairman, it seems to me that the entire concept of balancing the economy of the country is lacking one essential. What we are really doing is looking after the past rather than the future. The Department rushes into an area with plans for economic expansion after the area has suffered virtually complete economic collapse, and in almost all cases the reason for this economic collapse is an historic dependence on one primary industry. There are areas in this country today which are still dependent on one primary industry, and they will be for many years, but sooner or later the source of this industry will be depleted. We are just going

to have recurring instances of depressed areas, such as we have in Bell Island. This is the best example I can point to today. Would the program not be more successful in the long run if it provided for the establishment of diversified industries in areas where you are now dependent on one primary industry in addition to trying to cure the symptoms of this malaise in areas where they are now found?

**Mr. Kent:** Mr. Chairman, I think that is precisely the objective as the Minister has described it. Certainly it is not the intention of the Department that our primary job should be to rush into disaster situations and try desperately to fix up whatever can be done. Undoubtedly there are circumstances when that is necessary, but this is not the nature of what most of the Department's money is being spent on now, and we hope it will be even less as new programs are developed. If I might briefly give you two examples. One of the Minister's first policy announcements was to say that the ADA program in the Atlantic region would be extended to Halifax, Dartmouth, Saint John and Fredericton instead of those areas being excluded as they had been previously. This was motivated by precisely the philosophy that has been expressed, that the solution to the problems is not to try to find a substitute for a declining primary industry in a particular

• 1710

depressed area, but to try to get strong diversified economic growth in the region as a whole.

**Mr. Sulatycky:** Let us get down to another specific. In the Smoky River area in western Alberta, there are huge coal deposits and McIntyre Porcupine Mines just recently have concluded almost a half billion dollar contract with Japanese steel interests for the export of this coal. Sooner or later that coal is going to be depleted. At the moment and for the next 10 years probably there is going to be a shortage of labour and under the criteria used by ADA there is no way that community could qualify for a grant. There is no assistance that they could get to establish another industry, whether it be primary or secondary. They could get no assistance because of the criteria. Will this be changed?

**Mr. Kent:** I think the Minister has made it clear this is precisely the direction of policy that he intends to follow.



**Mr. Sulatycky:** Fine, sir. I have one further question. Exactly what is the relationship of your Department with the administration of ARDA. How far down does it go? It does not extend to the field level employees. How far down does it go? In several areas that I know where ARDA is operating, the field level employees keep insisting that the federal government is not co-operating with them in so far as the plans are progressing and it seems to me this is obviously a political thing. The field level employees are employees of the provincial government. Do you pay anything towards their salaries?

**Mr. Kent:** In the sense that we do to the whole project, yes, sir. ARDA is essentially a provincial program. That is to say, ARDA operates under agreements between the federal and provincial governments whereby the federal government provides 50 per cent of the cost of certain provincial programs. The federal government before it provides 50 per cent of the cost of any particular project has to agree with that project. Once it has agreed then the handling of the project is entirely and completely a provincial matter and the federal government has no involvement whatever.

**Mr. Sulatycky:** Are you aware of the ARDA project in census division 14 in Alberta?

**Mr. Kent:** I do not know details of it. I know a little about it, certainly.

**Mr. Sulatycky:** Are you aware of the land clearing project involved there?

**Mr. Kent:** I know that the land clearing is a part of it, yes.

**Mr. Sulatycky:** But you do not know any details. You have no idea why it has been delayed for upwards of a year and a half now?

**Mr. Kent:** No, I do not know. Certainly the administration of the program is, as I say, entirely a provincial matter. We would not be involved either way in that.

**Mr. Sulatycky:** Thank you, Mr. Chairman.

**The Chairman:** Mr. Lundrigan, did you have a question?

**Mr. Lundrigan:** No, Mr. Chairman, because I think we have done a good job of questioning these very co-operative people today and perhaps in view of the fact that I have no

• 1715

more general questions and because I do not think we expect Mr. Kent and company to answer some of the really specific questions on details of this.

**The Chairman:** No, we will get into those with operations.

**Mr. Lundrigan:** Right.

**The Chairman:** Do you have a question, Mr. Robinson?

**Mr. Robinson:** I have one further question. Prior to that I want to know whether copies of the Minister's brief are available to us.

**The Chairman:** Yes, I think we will have it published so it will be available. Actually it will be in the report, I suppose, Mr. Robinson, unless you want it immediately.

**Mr. Kent:** I think there are some copies, Mr. Chairman.

**Mr. Robinson:** If there are copies, I would like to have one today. I want to ask if the Department re-evaluates the support programs from time to time in terms of their effectiveness, the necessity to continue the program, or requirements for changing the program in some way due to changes in conditions?

**Mr. Kent:** Yes, sir. If I may take the ARDA programs as an example. All of those programs are undertaken on the basis of a cost benefit evaluation worked out jointly with the province and ourselves. We participate in that, of course, because it affects our decisions on whether or not we are prepared to approve the project for the federal contribution of 50 per cent.

In the case of the larger programs we are now reaching the stage at which we are able to do, so to speak, a post mortem of whether the actual results have come up to the predicted results; benefits on the basis of which the decision was made. We are just doing that in respect of certain types of projects now. It is only just the beginning because the ARDA agreement has only been in operation for four years. It will be four years on March 31 and obviously not until recently have the projects undertaken under that agreement begun to get to the stage where we really can evaluate the results because most of them take two, three or four years to carry out.

**Mr. Robinson:** Does the provincial government re-evaluate their share of the program as well?

**Mr. Kent:** Oh, yes, it is done jointly.

**Mr. Robinson:** I see.

**Mr. Kent:** Perhaps we have a particular interest in getting it done but they co-operate very definitely. The ARDA program in its present form, of course, operates under an agreement which is for a total of five years. We are, therefore, now approaching the stage where, with the provinces, we will be considering re-assessing the sort of things that ought to be done under any future agreements.

**Mr. Robinson:** Are all of these support programs considered as being temporary programs?

**Mr. Kent:** That is a difficult question to answer. Certainly they are considered as being programs which can be revised and changed a great deal. Any individual program is undertaken for a specific period. What the period has been has varied a good deal; for example, the FRED programs vary from 5 to 15 year agreements.

In all those cases I think it should be said that they are support programs in the sense that the federal government supports the undertaking of development projects, investment projects by the province. It is not that they are support programs in the sense that they are intended to support people indefinitely. They are intended to create new opportunities on the basis of which people will improve their earnings indefinitely without any further support. They are investments. As always with investments, they do not all work out equally well but they are essentially investments.

**Mr. Marshall:** I want to develop just a little further what the Minister told us about the FRED program for Newfoundland. It is a very direct concern because it has been promised so long. It was going to start in the fall then, it was definitely going to start this spring. Even figures were quoted: \$57 million for preliminary short term projects; \$72.5 million for education; \$44.8 million for transportation and electric power; \$43.75 million for community development; \$40 million for health services; \$42.5 million for housing and relocation and \$6 million for administration and research. Where in the world did these

• 1720

figures come from? Why does a premier of a province say that it is going to start in the fall and then again say that it is going to start in the spring, and again say that it is going to start any day now or that the agreement is going to be signed any day now? Why are people led like this and treated like this?

**Mr. Kent:** Mr. Chairman, I think all I can say is that, so far as the federal government is concerned, what there has been in western Newfoundland is . . .

**Mr. Marshall:** It was all of Newfoundland that I was particularly interested in, but it was three quarters of a billion dollars—let us get very big—that was promised for all of Newfoundland. The \$305 million was just for western Newfoundland.

**Mr. Kent:** So far as the Department of Forestry and Rural Development is concerned what has happened is that there has been over a period of, I believe, about two years, a research study of the things that might be done for the development of western Newfoundland and only western Newfoundland. That research study was completed last summer. Like some of the other research studies carried out earlier under FRED, it showed that the potential for development within the area itself was probably pretty limp.

This was equally true, for example, of the Gaspé study which subsequently led to a plan, but that plan—the Gaspé FRED plan—does involve a great deal of retraining of people, many of whom will have to find their subsequent employment outside the area of the plan.

The P.E.I. plan is of a quite different type. The research studies in the case of P.E.I. showed that there was a very large potential, indeed, to increase the value of agricultural production in Prince Edward Island. The whole essence of the plan was the estimate that by a more diversified and intensified agriculture the value of agricultural production in P.E.I. could be tripled and that was the basis of the plan.

If you are able by research to arrive at a conclusion of that kind, then to devise a plan to achieve that result is, in a sense, relatively simple. I do not mean that even then it is easy by any means, but you do have an engine there for the process. In order to have an effective plan which is going to produce



results you have to find, so to speak, an engine. The research in the case of western Newfoundland did not reveal the engine so clearly and, therefore, it is not in itself the basis of a plan.

This does not mean that many of the things suggested would not be a useful part of a total plan, but the search has got to be for something which, over the province as a whole, might be more effective. This is the best chance and that essentially is the situation as I think the Minister summarized it.

**Mr. Korchinski:** I have a question with regard to a program such as ARDA in which the federal and provincial governments are involved and in which there is an undertaking that the federal government will provide a certain amount of money. Do you not feel that sometimes under a program such as this that you perhaps should have some supervisor or working right on the spot—on the project—in order to oversee the whole thing to see whether you are getting your money's worth?

I can remember other projects for which I was sure the federal government probably was not getting its money's worth. I am

• 1725

thinking in terms of the Road to Resources Program where the provincial government hired its own road crew and I wondered just what share the provincial government was putting into the program in the end. Do you not get nervous about such things that go on sometimes? Do you not think you should have some auditors or on the spot inspections? After all, banks have them and every other institution seems to have them, so why do not we?

**Mr. Kent:** Yes sir, I think one has to be nervous in a sense, I agree. However, I think the position that one should aim for is to make the initial examination of the project and the costing of it sufficiently good so that before the decision to contribute is made we can feel fully confident that it is a realistic, well-costed program. In other words, the situation is set up so that it is bound to be carried out effectively or else the federal government's money just will not constitute 50 per cent of the costs.

I think the important thing is that the initial decision be right, rather than having supervisors sitting on the top of other people, so to speak, when they are getting on with the job. Maybe it always is not done as well as it might be, but on the other hand I would be very frightened of our trying to correct that by close supervision on the spot. I think that would create very difficult relationships.

**Mr. Korchinski:** I really did not mean you should have somebody sitting there continually, but in any project where considerable time is involved in its completion, certainly you could run into the problem where the time factor had been underestimated and we can find hundreds and hundreds of examples of that without too much effort. Surely a review of the whole situation should be undertaken or, as I said, maybe an occasional check should be made to see that everything is going along as originally estimated planned and so on. I can agree that perhaps continual supervision would be wrong and an interference with the provincial administration, but I do think that in order to safeguard your own interests perhaps—

**Mr. Kent:** I think the safeguarding mechanisms in that sense are pretty strong. I do not say that they work absolutely 100 per cent in all cases, but I think on the whole they work pretty effectively. Certainly in the case of the big projects—the FRED programs above all—there is the machinery to ensure that every project is carefully examined and approved jointly by the federal-provincial board before it is undertaken and that no money whatever is spent except under the authority of the approved program. The controls there are very effective, I think.

**Mr. Korchinski:** I do not think I will pursue it any further.

**The Chairman:** Before asking for a motion to adjourn, I did mention that Mr. Franklin has provided us with copies of an explanation of the White Book and also a translation or a rationalization of the material from the Blue Book to the White Book. If you have them with you, Mr. Franklin, I would like to distribute them to the members now so we will have a chance to have a look at them before our next meeting on Thursday at 8 o'clock at



which time we will deal with the administration of the Department with Mr. Franklin as our witness. I have been informed by the Clerk that he does not have any extra copies of the White Book, so if you are going to use them, and I think you should, bring them with you next Thursday.

May I have a motion to adjourn?

**Mr. Smerchanski:** I move the meeting be adjourned.

**The Chairman:** All those in favour?

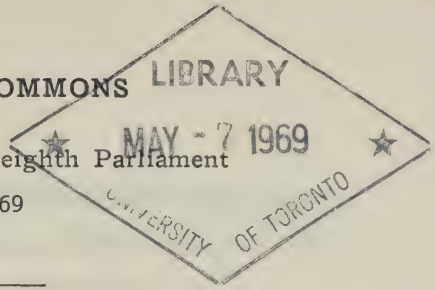
Motion agreed to.

---

HOUSE OF COMMONS

LIBRARY

First Session—Twenty-eighth Parliament  
1968-1969



STANDING COMMITTEE

ON

# REGIONAL DEVELOPMENT

*Chairman:* Mr. JOHN MORISON

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 9

TUESDAY, MARCH 25, 1969

Estimates (1969-70) of the Department of Regional Economic  
Expansion.

WITNESSES:

*(See Minutes of Proceedings)*

THE QUEEN'S PRINTER, OTTAWA, 1969

STANDING COMMITTEE ON REGIONAL DEVELOPMENT

*Chairman:* Mr. John Morison

*Vice-Chairman:* Mr. Alexandre Cyr

and Messrs:

Blouin,  
Broadbent,  
Comtois,  
Gauthier,  
Honey,  
<sup>1</sup> Horner,

Korchinski,  
LeBlanc (*Rimouski*),  
Lundrigan,  
<sup>2</sup> MacDonald (*Egmont*),  
McGrath,  
Nystrom,

Ritchie,  
Robinson,  
<sup>3</sup> Roy (*Laval*),  
Smerchanski,  
Sulatycky,  
Whiting—(20).

(Quorum 11)

Fernand Despatie,  
*Acting Clerk of the Committee.*

Pursuant to S.O. 65 (4) (b) —

<sup>1</sup> Replaced Mr. Marshall on March 25, 1969.

<sup>2</sup> Replaced Mr. Carter on March 24, 1969.

<sup>3</sup> Replaced Mr. Serré on March 13, 1969.



## MINUTES OF PROCEEDINGS

TUESDAY, March 25, 1969.

(9)

[Text]

The Standing Committee on Regional Development met this day at 9:45 a.m. The Chairman, Mr. Morison, presided.

*Members present:* Messrs. Blouin, Cyr, Gauthier, Honey, Horner, LeBlanc (Rimouski), MacDonald (Egmont), Morison, Ritchie, Robinson, Sulatycky, Whiting—(12).

*Also present:* Messrs. Downey and Serré, Members of Parliament.

*Witnesses: From the Department of Forestry and Rural Development:* Messrs. T. Kent, Deputy Minister; A. Saumier, Assistant Deputy Minister of Rural Development; D. W. Franklin, Director General of Administration and Evaluation; E. G. Blake, Director, Finance Administration; B. Sufrin, Economist. *From the Atlantic Development Board (ADB):* Dr. E. P. Weeks, Executive Director. *From the Prairie Farm Rehabilitation Act (PFRA):* Mr. M. Fitzgerald, Director.

The Committee resumed consideration of Item 1—Administration, Operation and Maintenance of the 1969-70 Estimates relating to Regional Economic Expansion.

The Chairman introduced Mr. Franklin, who made a statement pertaining to the two formats used in printing the Estimates. He gave information on the presentation in the new format and on the reconciliation with the Estimates as presented in the Blue Book.

Mr. Franklin was examined on matters of administration. He was assisted in answering questions by Mr. Blake.

The Chairman then introduced Mr. Kent, who spoke on the question of "Analysis and Planning" in the proposed new department. Mr. Kent was examined; he was assisted in answering questions by Dr. Weeks and Mr. Sufrin.

Messrs. Fitzgerald and Saumier were then introduced by the Chairman. Mr. Fitzgerald answered questions pertaining to the PFRA program. Mr. Saumier also answered questions.

The Chairman thanked the witnesses for their appearance before the Committee.

In the course of the meeting, departmental officials agreed to supply the Committee with certain details and documents requested by the Members.

At 1.05 p.m., the Committee adjourned to the call of the Chair.

Fernand Despatie,  
*Acting Clerk of the Committee.*



## EVIDENCE

(Recorded by Electronic Apparatus)

Tuesday, March 25, 1969

• 0946

**The Chairman:** Good morning, gentlemen. I think we have wasted enough time waiting for the people who have not shown, so without further ado let us commence. Mr. MacDonald, if you will just hold your motion for a few minutes, we will get to it after we have heard from our witnesses.

This morning the meeting will be a double session, from 9.30 through until 1 o'clock. Generally we are going to deal with administration, with Mr. Franklin first. I would also suggest that if you have any questions on interpreting the new white book that we are using instead of the Blue Book, you ask Mr. Franklin. For those members who were here at the last meeting we have a precis. How would you describe it?

**Mr. W. D. Franklin (Deputy Executive Director, Atlantic Development Board):** It is a short summary description of the translation between the two.

**The Chairman:** A translation between the two and I think it might help you. I am sure it will help any member in reading the estimates of any other department in which he is interested.

When Mr. Franklin is finished with administration, Mr. Kent is coming in at 10 o'clock to deal with programming and analysis. Following Mr. Kent, we will hear from Mr. Saumier and Mr. Fitzgerald who will deal with the western region of the Regional Development Department.

Mr. Franklin has suggested, by the way, that if you have not already read over his translation that he would do it, or if you would like him to discuss the administration estimates generally he will do so, and then hold himself open for questions.

**Mr. Franklin:** Would everyone prefer to go through the document that is now being passed out so that you will have a better

understanding, or perhaps you will have questions as we go along about the basis of the new format of the estimates.

**Mr. Horner:** Are you going to read it over?

**Mr. Franklin:** I thought I would just go through it very quickly, Mr. Horner, if that would be all right with you.

**Mr. Horner:** That is agreeable to me.

**Mr. Franklin:** As you all probably know, the 1969-70 Main Estimates for Regional Economic Expansion have been printed and distributed in two formats. You are all familiar with the Blue Book for 1969-70 and the estimates for this Department are set out on pages 336 to 343. In addition to that you have a separate white booklet folder which I will refer to as the white booklet. I understand it has been distributed to all the members.

The latter format details the proposed expenditures in the forms of programs and activities, and that is the main difference here. This results from the recommendation by the Royal Commission on Government Organization concerning Estimates, where it was suggested that "the form of the Estimates should be revised so that the votes will more clearly describe the purposes of expenditure, more comparable and complete supporting information will be provided and unnecessary detail eliminated".

• 0950

Although for the year we are coming into, 1969-70, the Estimates for all government departments are printed in both formats, starting in 1970-71 the customary Blue Book of Estimates will be discontinued and a new volume prepared along the lines set out in this booklet will be the basis and will be distributed as the only book put before Parliament starting in 1970-71.

The subject of the method of presentation, I believe you all realize, has been considered by your Public Accounts Committee and it has been approved. I also understand from the Chairman that this Committee wishes to carry out its examination of the 1969-70 proposed expenditures based on this new format.



During the transition, on the other hand, you may wish to have some introductory information on the presentation in the new format and a reconciliation with the Estimates as presented in the traditional form in the Blue Book.

The booklet here sets out the 1969-70 proposed estimates under three sections: A—which sets out the Department proper, this is the Department we are talking about here this morning; section B—the National Capital Commission since it is also under Mr. Marchand's ministry; and C—the Cape Breton Development Corporation. If you will turn to page 4 you will find a general summary table which sets out the total financial implications for these three categories. You will note that there is A, the Department, B the National Capital Commission and C, the Cape Breton Development Corporation. The NCC program will not be discussed in this Committee. The Cape Breton Development Corporation will be the subject of future committee meetings with senior officials of the Corporation. Accordingly, I do not intend to cover either of these programs at this time.

Relative to the Department, that is, the "A" section of the over-all table, the total budget is included under one program which you will note is called the "Regional Economic Expansion Program", just immediately under the word "Department". This program incorporates all the expenditures and activities of the Department.

You will also note on page 5 that the objective to this program is stated to be

...to increase the opportunities for productive employment of people in selected areas of Canada by planning and ensuring optimum use of federal resources in coordination with provincial resources.

Dealing with the estimates for the Department, or the Regional Economic Expansion Program, the full details are set out on pages 6 to 12 inclusive.

On page 6 you will note that the proposed estimates for 1969-70 are set out by major votes, and on a comparative basis with the estimates approved for 1968-69—that is the second column, "Approved 1968-69"—and then there is a "Change" column, and also a comparison with the actual expenditures made in fiscal year 1967-68. That is the general overall table for the Department.

On pages 8 and 9 the program of the Department is set out on the basis of its five activities. You will note that that table runs right across the two pages. It is one table. It is set out on the basis of the five activities in which the Department will be engaged.

You will notice in the left-hand column activities which cover administration, analysis and operation; then three operations—activities, as well—and other recoverable items, bringing out the total cost of the program. Each of these activities across the table is divided in terms of administration—Operation and Maintenance, Construction and Acquisition, and Grants and Contributions and then those first three columns are totalled to give you the total budgetary expenditures proposed and the last column deals, for each of these activities, where appropriate, with the loans, investments and advances.

#### • 0955

On page 10, the total budgetary expenditures of \$191.9 million—that is, the budgetary expenditures excluding loans—are set out in terms, with which you are all familiar, of the standard expenditures such as, salaries, wages, transportation, communications, and so on.

At the bottom of the same page you will note that for the Department as a whole the details of manpower allocation and utilization are given.

On page 11, the details of major construction and acquisition projects are listed and also on this page, and continuing on to page 12, are given the details of the major items under Grants and Contributions. You will note that the contributions here are again broken out relative to the major activities under Operations for the Department.

On the other hand, the Blue Book sets out the programs of the Ministry under the traditional Vote set-up, with further detail broken out on the standard objects of expenditure.

Just for comparative purposes, on page 338 of the Blue Book you will find the Estimates listed under some three Votes:

Vote 1—Administration, Operation and Maintenance \$20,603,800

You will note that this Administration, Operation and Maintenance is the total administration, operation and maintenance for the total Department—for all programs in the Department—whereas, if you look back in our white

book, for the purposes of discussion on the table on pages 8 and 9 you have a break out of that same Administration, Operation and Maintenance in each of the major activities. Therefore, I suggest that probably to direct your questions more properly, you have a break out here where these administration, operation and costs lie within the major programs and the changes from year to year.

Vote 5, also following across, on page 339 of the Blue Book, covers "Construction or Acquisition of Buildings, Works, Plant and Equipment..." I will not bother to read through the whole Vote, but primarily it includes the PFRA and MMRA.

In vote 10, "Grants as detailed in the Estimates...", you will note that included in this area we have a section of sub-vote titles to the total value of \$152,956,500. Under this Vote would be included the ARDA program, with proposed expenditures for 1969-70, \$25 million; Canada Land Inventory projects, Research and Planning, Indian Lands and Indian people projects, to \$8,842,000; APPDA subventions in respect to eastern coal, \$1.8 million; NewStart, \$5.25 million; FRED Agreements, \$40,977,000; and payments to the provinces to assist in financing programs related to industrial research and development services to industry and development of industrial infrastructures, \$22,069,000; which payments were financed in previous years under the Atlantic Development Board Fund and the incentives to industry for development of employment opportunities in designated areas of Canada, \$49 million. This latter item is the continuation of the existing ADA program.

#### • 1000

In translating these financial provisions to the Estimates booklet, that is, Votes 1, 5 and 10, if you take the total it comes to \$183,849,000, which amount is then reflected in the general summary table on page 4 of the Estimates booklet, \$183,849,000; and you will note part of the way down the page, under the Department,

To be voted, Budgetary Expenditures,  
\$183,849,000

Then on page 6, carrying that through, you will find under Vote 1, \$183,849,300—we have lost \$300 somewhere—for the table covering the major break out of the Department's program. That covers Vote 1, and covers the

total budgetary expenditures proposed for the Department.

Continuing in the Blue Book again on page 340, you will notice two statutory items. The first is the \$7,884,000 for the trunk highway program for the Atlantic Provinces. As you all know this is the continuation, or the phasing out or the finishing off, of the current Atlantic Development Board program on trunk highway construction. The second one is for \$150,000, the 1969-70 item for Bell Island.

Now these two items are carried over to the summary table on page 4 of the estimates booklet under "A-Department". Also you will note the two "S" items under "Department" of \$7,884,000 and \$150,000 which are carried over under the general summary table to page 6. These two statutory items, the highway program and the Bell Island program, together with the above noted Blue Book Items 1, 5 and 10, which we had earlier mentioned, add up to the proposed total budgetary expenditure of \$191.9 million proposed for the regional economic expansion program for 1969-70. This \$191.9 million budgetary expenditure is set out on pages 4 and 6, where you will notice a total budgetary expenditure of \$191.9 million.

Then carrying over to the tables on pages 8 and 9, you will find the \$191.9 million in the fourth column over under "Total Budgetary Expenditures Proposed Estimates 1969-70". This is in black type, about three-quarters of the way down that column. As I say, this is the break-out on this table of the department's total budgetary expenditures on an activity basis for 1969-70.

At the same time, if you turn over to page 10 you will note here again that that same total of \$191,900,000 is then broken out by standard objects of expenditures: Administration, Operations, Maintenance, Construction, Acquisition, Grants and so on. That is on a total basis. This is more the traditional way in which estimates have been presented in previous years.

To this point I have covered the budgetary expenditures. I will now turn to the proposed loans, investment and advances. In the Blue Book these are listed on page 466. You will note under Regional Economic Expansion there are Loans L120, L125 and L130. These loan items refer to the carrying forward of approved programs under APPDA, FRED, the PEI program for FRED and the Atlantic



Development Board fund, respectively. These three items, as you know will note, to a total value of \$49,797,000, have been carried over again to the estimates booklet on page 4

• 1005

where you will note the \$49,797,000, and on page 6 again the total Loans, Investment and Advances, and on the table on pages 8 and 9 under the last column in that spread table under Loans, Investment and Advances.

The \$191.9 million for budgetary expenditures together with the total Loans, Investment and Advances of \$49,797,000, comprise the proposed program for the Department of Regional Economic Expansion in 1969-70. This total of \$241,697,300 which is noted on page 6 of your estimates booklet on the bottom line in bold black type, compares with the approved 1968-69 estimates of \$207,225,000. You should also note that the \$207,225,000, which was approved as an estimate, compares with our present forecast of expenditures for the Department for 1968-69 of \$204,126,000.

Pages 341, 342 and 343 of the Blue Book set out the 1969-70 proposed expenditures for the National Capital Commission...

**Mr. MacDonald (Egmont):** The figure of \$207,225,600, is there a mistake there?

**Mr. Franklin:** Which page are you looking at?

**Mr. MacDonald (Egmont):** On page 6 of the estimates, the Program Total of 1968-69 of \$207,225,600.

**Mr. Franklin:** No, it is \$207,225,600, which are the approved estimates for 1968-69. That is part of an approved estimate.

**Mr. MacDonald (Egmont):** Right.

**Mr. Franklin:** As against that, we presently anticipate that expenditures will be approximately \$204,126,000, one is to forecast an expenditure and the other is approved. All right?

**Mr. MacDonald (Egmont):** Yes.

**Mr. Franklin:** Pages 341, 342 and 343 of the Blue Book, set out the 1969-70 proposed expenditures for NCC and the Cape Breton Development Corporation. The Cape Breton Development Corporation is scheduled for discussion at future meetings. These two agencies are, of course, listed in the succeeding pages of the estimates booklet.

Now for the purposes of discussion I believe—although the members should feel free to ask questions on any of these tables—that the main table on which perhaps you may wish to base your discussion of the departmental activities will be the table of activities proposed for the Department as set out on the table on pages 8 and 9, which is the large spread table.

I would just briefly set out for your information what we are covering under each of these activities. First of all, on page 8 and 9, dealing with the left-hand column "Activity", Administration reads:

The purpose is to provide central executive direction for all work for which the Department is responsible. The staff involved includes the Minister and his office, the Deputy Minister and his immediate staff, the Evaluation and Administration Branch, the Personnel Services, the Public Information Services and the Legal Services.

The next item is the Analysis and Planning:

The purpose is to develop criteria for the selection of areas in Canada where opportunities for productive employment are inadequate; to develop criteria for determining the measures that will increase opportunities by the most effective realization of socio-economic potential; and to formulate possible plans for increasing opportunities for productive employment in co-operation with all relevant parties. This activity includes the following major functions: Economic Analysis, Social and Human Analysis and Plan Formulation.

This activity covers those planning functions carried out in previous years under ADA, the Area Development Agency; ADB and the Rural Development Branch of the Department of Forestry and Rural Development. It also includes the projects under the Canada Land Inventory.

• 1010

You will note that there are three operations activities, the purposes of which are to ensure the successful implementation of departmental projects and to coordinate to the extent that is appropriate of federal responsibility, implementation of departmental and adjustment measures in co-operation, as appropriate, with provincial and local bodies.



This is to be achieved by means of the following types of activities.

Then carrying on down the left-hand side the Operations item for rationalization and development of primary industries and related services, you will note particularly, is carried out under a large item in Administration, Operation and Maintenance, in Construction and Acquisition, and in Grants and Contributions to Total Budgetary Expenditures. This activity carries out the functions which in previous years were under ARDA, MMRA and the PFRA legislation.

The next activity under Operation, the comprehensive development of selected areas, including mobility assistance, carries out the projects and agreements under the Fund for Rural Economic Development—FRED—and the experimental projects under NewStart, the federal share for special housing and mobility assistance to the residents of Bell Island.

The last Operations item or activity, incentives for industrial development and assistance for the development of infrastructures for 1969-70, carries out those functions previously executed under the Area Development Act, the Atlantic Development Board Fund and the Atlantic Development Board project covering the federal share of the cost of the trunk highway system in the Atlantic Provinces.

That concludes the comments I have to make. If there are any questions, Mr. Chairman, I will be pleased to answer them.

**The Chairman:** Thank you very much, Mr. Franklin. I think your explanation of the transition of one to the other has been pretty clear especially for those members of this Committee who were not familiar with this.

Gentlemen, the meeting now is open to questions on the administration of the Department.

**Mr. MacDonald (Egmont):** May I ask a question for clarification, Mr. Chairman, at this point . . .

**The Chairman:** Yes, Mr. MacDonald.

**Mr. MacDonald (Egmont):** . . . so that we will not get into areas that will be covered later, are we discussing the over-all setup of the Department?

**The Chairman:** We will confine our questions to the administrative end only, Mr.

MacDonald, and then, as I said, later on this morning we will go into the Analysis and Planning. I think Mr. Kent, the Deputy will be able to give you a better idea on that. Following that we will deal with the regional operational scheme.

**Mr. Franklin:** If I may interrupt, Mr. Chairman, actually what we are talking about here is the administration. You will note on page 8 of this table that we are really dealing with Headquarters Administration as such. Also included, for example, under Analysis and Planning are Administration, Operation and Maintenance or probably just the Administration really. Then under Operations, the next item here, are all the field organizations and operations for ARDA and PFRA. The next one would be the FRED and NewStart which involves the operational people concerned with that program. The last one is primarily the current Area Development Agency plus those people moving from the Atlantic Development Board who will be working on the infrastructure portion carrying out further expenditures or completing those projects started or under consideration at the present time under the Atlantic Development Board Fund. Mr. Chairman, you will note that there has been an increase in the first item of Administration of \$1.717 million. Perhaps it might be helpful if I very quickly explained what has caused the change or the increase.

• 1015

**The Chairman:** That will be fine, Mr. Franklin. The outlines are on page 10.

**Mr. Franklin:** Yes; no, I am sorry, Mr. Chairman, really we are talking on page 8 here. Page 9 is again for clarification purposes and on page 10 Administration, Operation and Maintenance covers all aspects of the Standard Objects of expenditure not broken out on a program or activity basis, whereas the table we are discussing on page 8 is broken out for each of these activities.

In other words, if you added the figures under Administration, Operation and Maintenance for the proposed estimates for 1969-70, they would make a total of \$20.478 million. If you turn over the page you will find that if you add up the items on page 10 under Administration, Operation and Maintenance this total also would be \$20.478 million. As we discuss each of these activities, members will

have the opportunity of raising questions or observations, for instance, on the Operations-rationalization and development of primary industries and related services for ARDA and PFRA and I would hope members could relate their questions to the administrative, operation and maintenance aspects of ARDA or PFRA. We then could deal with questions on Construction and Acquisition projects which are shown across the line and in which you may be interested and finally on the Grants and Contributions. In other words, this breaks out all aspects for each one of these major activities. Is that clear? Are there any further questions?

**The Chairman:** Do you have a question, Mr. Horner?

**Mr. Horner:** Mr. Franklin, I can understand the proposed estimates for 1969-70 for ARDA and PFRA of \$11 million and Grants and Contributions of \$33.842 million, but I am not quite clear on how you arrived at the \$56 million under Total Budgetary Expenditures on page 9.

**Mr. Franklin:** I think, Mr. Horner, if our addition is correct here—I hope it is—the first column totals \$11.543 million plus \$11.331 million...

**Mr. Horner:** I see.

**Mr. Franklin:** ...plus the \$33.842 million...

**Mr. Horner:** Yes.

**Mr. Franklin:** ... which totals \$56.716 million.

**Mr. Horner:** I had forgotten the administrative costs in there.

**Mr. MacDonald (Egmont):** It might be useful if Mr. Franklin continued on this \$1.717 million.

**Mr. Franklin:** The increase in the proposed estimates for Administration when compared with the forecast of expenditures is \$1.717 million, as you will notice on the table. The forecast expenditure for 1968-69 of \$1.9 million which is the figure immediately to the left of the \$1.717 million represents the annual effect of administrative costs in the Department of Forestry and Rural Development after the transfer of the Forestry administrative staff to the new Department of Fisheries and Forestry. This transfer had the effect of

stripping the finance, administrative and information personnel. For example, the Personnel Division when the Department was combined with Rural Development had an establishment of some 32 people. When we broke out in Forestry—I do not know who left who, but we probably left Forestry, I guess, since they were the older section—we were left with a residual of approximately six positions which for a Personnel Division is obviously inadequate. When we took over the PFRA primarily which had 1,100 or 1,200 employees their personnel requirements were being met from the Department of Agriculture and when they were transferred to Mr. Marchand, we did not receive from the Department of Agriculture those people who had been working on the personnel side of it. So, after looking pretty closely at what our Personnel Division's staff requirements would be for 1969-70, we came up with an estimate of 29.

Similarly the Finance and Administration Division, which is one of the divisions tied in with the Evaluation and Administration Branch, under the old set up had an establishment of 51. This was reduced to 18 and the current estimate of requirements for the 1969-70 period is 39. Here again there is the impact of moving in PFRA on the financial management side and also the question of the Area Development Agency who did not bring their

#### • 1020

own financial management people with them as they were provided with service by the Department of Industry. In the Atlantic Development Board we do have advantage, of course, of the people, of the complete set up for the ADB when they moved over en masse. Now, this build up of staff really only represents the build up to a normal operating level and accounts for a major portion of our increase in salary requirements. Incidentally, the total increase in salary requirements of this \$1.717 million is about \$862,000.

Now, in addition to that there also has been created a new program evaluation and review section in the Department. Our requirements there are approximately 10 man years. Also the management information system, which had earlier been set out under the ARDA costs, has been removed from there and has been established in this administration activity for the Department. This accounts for a total of some 22 man-years. Now, the total



impact of this is an increase of about \$860,000.

Following on from this, on the transportation and communications side, such as telephones and travel costs and so on, with this growth in staff, our increase there is around \$185,000.

On the Information increase, incidentally, when Rural Development went into the old Forestry Department they just combined with the existing Public Information Branch in the old Department. Then, when Forestry moved over to Fisheries, they took with them a majority of the equipment that had been used by both groups earlier. So here we do have to build up some of the basic equipment and so on that any information section requires. This, together with Professional and Special Services of \$313,000—

Here again, I do believe that during the preliminary stages of planning and organizing the new Department we hope to take increased advantage of outside consultants because some of the jobs we will want done will not be of a permanent nature and it appears in these cases to be more economic.

On the other hand as against this, in certain areas where in previous years we had used outside consultants we have found from a review that this has been quite an expensive proposition for those things of a continuing nature. We do hope we will be able to build up these areas in the future because it will be more economic to develop our own skills in the Department.

**The Chairman:** I think that covers it pretty well. Have you any other questions?

**Mr. MacDonald (Egmont):** I have one or two questions related to what Mr. Franklin has been telling us. You indicate that a good deal of the finance, administration and information personnel in effect went with Forestry to Fisheries. Were there not people of these various capabilities already attached to Fisheries? In other words, would they not have a superfluous number of people in these three

• 1025

categories that you have enumerated this morning?

**Mr. Franklin:** All I can say, Mr. MacDonald, is that the allocation of these people was taken on by task forces which had been established by the Treasury Board and these

were the figures arrived at. Now, although it may seem rather odd on the surface, I suppose one might take the approach that even though there were only a few left, perhaps that was a fair allocation when one considers that ARDA, in part, had its own finance and administration set up. In our build up here to 39, we are taking over the actual personnel who are with the ARDA set up. So, perhaps it really is not as bad as it appears on the surface. I certainly would not accuse Forestry of stripping us in the sense that they unduly took too many people away from the Department. Is this right, Mr. Blake? You sat in on these discussions.

**Mr. E. G. Blake (Director, Finance Administration, Department of Forestry and Rural Development):** Yes, Mr. MacDonald, I will outline our basic approach. When we split Forestry from the Department there were roughly 2,000 people in the Forestry Branch and slightly less than 200 in Rural Development. This obviously gave a great deal of weight to the claims of Forestry.

Second, most of the groups that we had organized and transferred to Forestry were integral groups and while we could have split off a representative portion, it merely meant that they would have had to be replaced to get a working unit in Forestry and we would also have had to hire people. The basic philosophy that the task force took in sharing the personnel involved was that Forestry to the best of its ability should keep at least the basis of, if not the full working group that had been servicing the Forestry Branch.

There would have had to be a build up of staff somewhere and there was no point in building up in two areas when we could move an integral group to one area and build up in the other. This was basically the philosophy that came through. This meant, of course, that this Department had to bear the brunt of the build up. Treasury Board was aware of this and were willing to grant us new staff to staff the new Department.

**Mr. MacDonald (Egmont):** This raises another question though, does it not? I think that one of the advantages—and perhaps this is getting beyond your range of competency to answer—of having brought Forestry and Fisheries together would be some savings in various administrative costs because they are engaged at least in two areas of natural resources that might have a great deal more



affinity and usable exchange of people than perhaps the original ARDA and Forestry arrangements were able to.

**Mr. Blake:** I think this is part of their long-term plan. As you know, the Fisheries Research Board was brought in at the same time. It was the hope that in the process of two or three years they would meld and either allow for continuing growth without additional staff or, in fact, effect a reduction in staff.

In the first instance, however, because the Fisheries and Forestry programs are not as closely aligned as most people think, they did need their own support staffs, and the relative ADM's in those groups were quite insistent on this point. So I think there is an on-going requirement in that area to effect some efficiency.

**Mr. MacDonald (Egmont):** You do not know whether there has been any savings to date?

**Mr. Blake:** No, I could not answer that.

**Mr. Franklin:** Following on though, Mr. MacDonald, if you go to page 10 for our Department proper, I think in terms of continuing employees to look after what we hope is a fairly substantial increase in the program that our Department, as such, is looking forward in relative terms to a more effective use of manpower and really in these terms of looking after what appears to be a larger program with a very minimal increase in staff. Many of these positions will be filled by people we do take over from other agencies that are joining the Department.

I think one of the main objectives here, as the Minister stated earlier on our administrative costs, is to be more effective and not to put an undue amount of our total expenditures in heavy overhead costs. This most certainly is our objective here. I would like to point that out. I do not believe we are competent to talk on the part of Fisheries as such, but I do believe in our own area here that we are making every effort throughout the whole De-

• 1030

partment to keep costs on the administrative side to an absolute minimum so that whatever funds are available, will be available, so to speak, for the sharp end of our operations.

**Mr. MacDonald (Egmont):** Could I raise just one or two more questions in connection

with your previous statement about the number of people who were, in effect, lost to Fisheries through Forestry? Did the various program or agency segments that came into this new Department—I am thinking here of the Area Development Agency, MMRA, the Atlantic Development Board which you have mentioned, NewStart and others—bring with them some people in these various capacities?

**Mr. Franklin:** In those areas where they did bring staff with them, those people are being allocated to the 39 we are talking about here. Such agencies as ADA, of course, as I mentioned earlier, did not bring any administrative support staff. This is being provided by the Department of Industry.

In addition to that, of course, when PFRA moved to us, they did not bring any headquarters staff and here again we are absorbing that into whatever headquarters functions on the administration side and the personnel side are being carried out within these number of man-years that I pointed out earlier. For example, in the 39 positions to the finance and administration this most certainly is the intent and a large number of these positions are being filled by people who came to us from other agencies.

**Mr. MacDonald (Egmont):** This is my final question on this part. You mentioned, if I heard you correctly, that the requirements of the new Department are a little bit less than the requirements of the former department, Forestry and Rural Development. Am I correct in that assumption? I think you mentioned, for instance, that in finance and administration there were originally 61; these were reduced to 18, but your requirement now is 39.

**Mr. Franklin:** That is right, although, perhaps on the other hand it is not a real comparison because it is very hard to compare what the total requirements in finance and administration were in the combined Department of Forestry and Rural Development with the present Department of Regional Economic Expansion. I would think in comparative terms and from my own analysis, that indeed we are very slim in this area. It may well be that in the future we will have to beef this up, but until such time as some of these programs do develop, our workload actually becomes developed and we know with more precision the sort of things we should be doing and what our manpower

requirements will be, we are taking what we think is a pretty good balance here and perhaps leaning a bit on the austere side from the earlier intention.

**Mr. MacDonald (Egmont):** The reason I raised it is because I find it difficult to put that alongside the increase of \$1,717 million. The two seem to be contradictory.

**Mr. Franklin:** They are not contradictory in the sense that when the estimates for 1968-69 on a comparative basis were taken for comparative terms at the time of the break out of the two departments, for some reason or other on directions from Treasury Board, the costing which was carried out for 1968-69 fiscal year was based on any fact that reduced establishment which really was not an accurate comparison for the two years.

**Mr. MacDonald (Egmont):** Was this wishful thinking on their part?

**Mr. Blake:** No, they had to make a basic decision, either to share costs or to allocate them to one department or the other. For purposes of simplicity they suggested to the task forces that the costs be taken on an annual basis. In other words, Forestry will now take up the total cost of their operations into Forestry and Fisheries and we will be left with the residual costs that would have been in effect on the reduced staff.

**Mr. Franklin:** Maybe Forestry will look a little better.

**Mr. MacDonald (Egmont):** That is right. So these figures are not quite accurate?

**Mr. Blake:** There is a distortion.

**Mr. MacDonald (Egmont):** There is a distortion?

**Mr. Blake:** That is right, sir. It was an agreed manoeuvre on the part of the Treasury Board.

**Mr. MacDonald (Egmont):** I will pass, Mr. Chairman, as there are probably others who have questions.

**The Chairman:** Mr. Horner, have you another question?

**Mr. Horner:** Mr. MacDonald has covered the administration costs to quite an extent, but in looking at the figures and using ARDA and PFRA as examples, you have under Administration costs of \$11.500 million and

under Construction and Acquisition of \$11.300 million. It seems to me you are pretty heavy on administration costs in that particular

• 1035

item. I know you are dealing with the Grants and Contributions too, but—

**Mr. Franklin:** Mr. Horner, we are only discussing the first item, sir, Administration which reflects the PFRA. There will be other witnesses later on this morning who will be prepared to discuss that \$11.500 million, Item 543, under PFRA and ARDA.

**Mr. Horner:** I am just trying to balance in my own mind your administration costs—

**The Chairman:** Mr. Horner, what Mr. Franklin has said—

**Mr. Horner:** —and how they pair off.

**The Chairman:** Mr. Horner, what Mr. Franklin has said is that Mike Fitzgerald will be here shortly after 11 o'clock and he will deal with this particular item having first-hand knowledge of it in the operations for which he is responsible. Mr. Franklin, again, is discussing Item, Administration. He would like to pass the expenses in PFRA and I agree with him. We will get to them after 11 o'clock.

**Mr. Horner:** Mr. Franklin, dealing with administration generally, in that table there is shown something like \$21 million for this item. Does that include the administration costs of the National Capital Commission and the Cape Breton Development Corporation.

**Mr. Franklin:** No, this is just the Department proper, sir.

**Mr. Horner:** This is just the Department proper?

**Mr. Franklin:** Excluding Devco, as well. The \$20.478 million you are talking about is for all activities in the Department.

**Mr. Horner:** How much administration comes under the Grants and Contributions made by the Department? How much administration is there? I noticed that you suggested in answers to Mr. MacDonald's questions that Rural Development, for example, only took 200 personnel with them on coming into the new department. I imagine most of the grants and contributions would be made under Rural Development. Am I right in that assumption?



**Mr. Franklin:** Yes, I would say so. Most of these are under—

**Mr. Horner:** I am trying to find out where the administration costs go. Is there a great deal spent by the Department on administration under the heading, Grants and Contributions as outlined on page 9?

**Mr. Franklin:** Under the ARDA—

**Mr. Horner:** On pages 8 and 9 you have the Departments's work more or less broken down under three headings, Administration, Construction and acquisition and Grants and contributions.

**Mr. Franklin:** That is right.

**Mr. Horner:** Does the administration spend most of its time on the construction aspect of the Department or does it spend most of its time regulating the grants and contributions? In a sense, this is all I am trying to find out.

**Mr. Franklin:** Well, I would think they would be more concerned with grants and contributions than they would be with construction and acquisition.

**Mr. Horner:** Following that line, in a sense, are the grants not made mainly to provincial governments and in many cases is not the actual work under the grants carried out by the provincial governments?

**Mr. Franklin:** Well, this all depends on what program you are talking about, sir. I think it would become evident whether or not this is the case by discussing each one of these activities. I do not think that one can make a general statement here. I suppose it all depends on the program we are talking about.

**The Chairman:** Is this not the basic general administration that we are talking about?

**Mr. Franklin:** No, no, not at all.

**Mr. Horner:** I am trying to find out whether you are top heavy on administration costs. You have roughly a \$21 million expenditure for administration and you are dealing with the expenditures for a year of a \$200 million Department. One-tenth of the money is to be spent on administration and most of the rest of the money is to be spent in the form of grants and contributions. I am trying to find out—

**Mr. Franklin:** But the figure of \$20 million perhaps is misleading here. You said this was to be spent under Administration, but included also are costs under Operation and Maintenance. If you look at the major item there, the \$11,543,000 is tied up with a good part of the people who are in the field working and operating the Prairie Farm Rehabilitation Act on the Prairies. That is really an operation.

**Mr. Horner:** I was going to get to that after a while, but I do not want to right now. I want to look at the over-all picture.

• 1040

**The Chairman:** If I may interrupt here, Mr. Horner, I think you have to take the \$11 million out of there because this is a particular item we are going to be dealing with later.

**Mr. Horner:** You have taken it out already believe me, you really have. You have got \$160 million, am I right, spent on grants and contributions?

**Mr. Franklin:** That is right, yes sir.

**Mr. Horner:** It is my belief that you suggested in answer to my question, which was perhaps a leading question, that your administration does not really concern itself to too great a degree with that \$160 million.

**Mr. Franklin:** The total administration, yes it sure does. The item here of the total budgetary expenditure is the \$82,557,000.00.

**Mr. Horner:** Where is that?

**Mr. Franklin:** That is for the program by incentives which will be controlled dollar by dollar by the department. Under "Total Budgetary Expenditures" under "Operations—incentives for Industrial Development and Assistance," the one beside it, "Grants and contributions", \$80,772,000.00 certainly will require a fair amount of administration—the industrial incentive program—together with those projects which are presently being financed under the Atlantic Development Board fund.

**Mr. Horner:** I will pass. I will pursue my line of argument with you further, but I would like to know if there is any breakdown of the grants and contributions? There is not, apparently, in the booklet.

**Mr. Franklin:** Yes, there is a breakdown of the grants and contributions starting on page 11.



**Mr. Horner:** There is no breakdown of the \$25 million spent.

**Mr. Franklin:** Not of the \$25 million.

**Mr. Horner:** On the bottom of page 11.

**Mr. Franklin:** That is under ARDA, the \$25 million on the bottom of page 11. I assume when you discuss the ARDA, sir, which will be dealt with by one of the later witnesses you will be able to get a breakdown.

**Mr. Horner:** There is no breakdown of that in this booklet. There is no breakdown of the \$8.8 million spent on Indian reserves and development of projects on Indian reserves.

**Mr. Franklin:** Here again, sir, this is the breakdown, yes.

**Mr. Horner:** But there is no breakdown in any more detail.

**Mr. Franklin:** No more detail than in this book, sir.

**Mr. Horner:** We will have a breakdown on that?

**Mr. Franklin:** By subsequent witnesses, that is right, sir. Incidentally, this breakdown is not in the normal Blue Book, in any event.

**Mr. Horner:** I know it is not in the normal Blue Book, but I am looking for something better.

**Mr. Franklin:** That is the purpose of this booklet sir, is to try to provide the members and it is only by experience that I assume this booklet will be improved in future years.

**The Chairman:** Are there any other questions, then? Yes, Mr. Cyr.

[Interpretation]

**Mr. Cyr:** You gave us some explanation regarding manpower, but perhaps I did not understand you correctly. I know that since the creation of this Department, you have borrowed much staff from other Departments to work especially on the implementation of the Federal Provincial agreement in Quebec. Will all that staff which was on loan from the other Departments since one or two years be attached directly to your Department at the beginning of this fiscal year?

[English]

**Mr. Franklin:** I do not know whether I understood you correctly, Mr. Cyr. If it is the question here of the ADA staff which came from the Department of Industry, that com-

plete staff, I believe numbering approximately 80, has been moved to the Department of Regional Economic Expansion and will be, I understand, full time employees of this new Department.

• 1045

**Mr. Cyr:** There were, I guess, employees on loan from the Department of Industry, Trade and Commerce, the Department of Public Works and other federal Departments. Therefore, you have answered my question by saying that they will be attached directly to the Department of Regional Economic Expansion from the first of April.

**Mr. Franklin:** Sir, if they were permanent employees of ADA previously they will be coming to the new Department. I am not aware of this, but if there were other personnel in the provinces who had a continuing liaison with the ADA Branch I would assume that these liaisons would continue in the future.

[Interpretation]

**Mr. Cyr:** Thank you.

[English]

**The Chairman:** Mr. Honey.

**Mr. Honey:** Thank you, Mr. Chairman. Just for information, Mr. Franklin, on page 8 under Construction and Acquisition in the Estimates for this year, \$10,431,000.00 and we find that figure again on page 11 under the itemization "Operations".

On some of these items I noticed you have a name and then "Marsh". Are these Maritime Marshland Rehabilitation Act projects? What does this "Marsh" mean?

**Mr. Franklin:** Yes, I think that is the Maritime Marshland Rehabilitation Act project.

**Mr. Honey:** Yes, and that heading says:

Operations—Rationalization and Development of Primary Industries and Related Services (including P.F.R.A.)

Are there items or projects listed there other than the Maritime Marshland Rehabilitation Act or P.F.R.A.?

**Mr. Franklin:** I do not believe so, looking down here. I would think they all fall in that area. Looking down the list here, they seem to be that way, sir.

**Mr. Honey:** The ones that are not indicated as Maritime Marshland Rehabilitation Act projects would be P.F.R.A. projects?

**Mr. Franklin:** That is right.

**Mr. Honey:** Thank you, Mr. Chairman, that is all.

**The Chairman:** If there are no further questions. I would like to thank you, Mr. Franklin, and Mr. Blake. If you will step down we will have Mr. Kent who will discuss the analysis and planning, the basis of which was outlined very briefly by Mr. Franklin in his opening remarks. If you would like a guide to your questioning you will find a recapitulation of Mr. Franklin's remarks on page 7 of the translation that you were given earlier.

I do not know if it is necessary for the Deputy Minister to give you a brief analysis. I think from what Mr. Marchand said when he was before us last week, plus the ideas that you have developed through some publicity on the new department that you probably will get more satisfaction by asking Mr. Kent the specific questions that you have in your minds as far as the programming or the analysis of the program is concerned.

**Mr. Tom Kent (Deputy Minister, Department of Forestry and Rural Development):** Mr. Chairman, I wonder if with your permission I could ask Mr. Sufrin to join me here. Mr. Sufrin has been working with the Atlantic Development Board in the Planning Division and if there are detailed questions about the way the planning work has been done there

• 1050

and the way in which that will serve the needs of the new Department, he will be the man to whom I will refer the questions, if I may, with your permission.

**The Chairman:** I am sorry, Mr. Sufrin, I did not see you there.

**Mr. Kent:** Mr. Chairman, all I would like to say if I may, just very briefly by way of introduction, is that the purpose of the planning activity is, of course, to try to identify and formulate the main lines of development action in regions and areas, and for that purpose to assess the problems and the potentialities and the benefits and costs of alternative programs to try to produce economic expansion and social adjustment, and, on the

basis of that analysis, formulation of plans for alternatives to recommend what looks like the best lines of action. This is why we try to use the words analysis and planning rather than the word research, which is quite often used for these sorts of activity. The problem about research is that it could easily get done for its own sake, so to speak. There are interesting problems. We do not have time and resources to let ourselves get diverted into those for their own sake.

We try to set this up to be as action-oriented as anything can possibly be, and we are very fortunate, I think, in many ways in the work that has previously been done that we inherit. But we do intend now to press it forward into action programs as quickly as can possibly be done, and on the lines of the ten types of programs that the Minister identified in the House on Friday.

If I may make one other comment, Mr. Chairman, I think it is very important to go back just one moment to the general departmental issue which I think got raised a little at the last stage of the previous discussion when really what we were talking about was the over-all departmental administration. I would like to make sure that it is quite clear that the large total for administration, operations and maintenance is not administration as it is normally understood. It is very definitely operations and maintenance. It is running things, PFRA, community pastures, irrigation projects, and so on. If you look at the details of that item, you will see that quite a lot of it is purchasing supplies and this sort of thing for the work done in the running of the projects, for which particularly PFRA and to a lesser extent MMRA are responsible. Mr. Fitzgerald will be here to talk about the details of that later.

I would like to emphasize, if I may, that we are not spending \$20 million on administration. We are spending \$20 million on running many things, particularly the things that involve active running by the department, things like community pastures, and so on. The people who appear in that item are not clerks with pens, so to speak. They are people who ride around community pastures looking after cattle.

**Mr. Horner:** Pretty good pay for cowboys—\$20 million.

**The Chairman:** Are there any questions? Yes, Mr. MacDonald.



**Mr. MacDonald (Egmont):** I want to raise some questions with Mr. Kent along the lines of the over-all departmental organization. I think it is appropriate to raise it at this time before we get into the specific activity of analysis and planning, if that is alright with him and with yourself.

**The Chairman:** Yes.

**Mr. MacDonald (Egmont):** I received recently, as I am sure most members did, the job description and the advertisement of the position of assistant deputy minister for planning. It is the only one that I can recall at the senior level what has been advertised. Perhaps you could indicate to the Committee, Mr. Kent, how many assistant deputy ministers there will be and their responsibilities. Enclosed with it there was this organizational chart which is very interesting and perhaps it should be included in the report of our Committee hearing at some point, Mr. Chairman, because it is a useful breakdown of the at least broadly delineated areas of departmental functioning and responsibility.

**Mr. Kent:** Yes, Mr. Chairman. To answer the more specific part of that question first. There are, as I think is apparent from the chart, four assistant deputy ministers. The concept of the organization is that we start by analyzing problems and formulating the broad lines of action programs to deal with those problems in regions and areas, and that is the function of the planning division. We draw a deliberate distinction between the formulation of the broad lines of programs and plans and the working out of detail, because the working out of the details is something which should commence in co-operation of course with other departments and with provinces,

• 1055

after the government has made the decision in principle as to the broad nature of the program. And therefore, we felt it important that we distinguish a definite decision point at the moment where the government approves the broad lines of a plan. At that moment the planning divisions ceases to be primarily responsible and the programming division takes over. It is the reason for this distinction between planning and programming.

The programming division is in fact a very small organization. It consists simply of the ADM who will himself be responsible for

what we call the central region, Quebec and Ontario as far as the Lakehead, and two senior officers who are directors of programming for the other two regions, one for the Atlantic Region and one for the Lakehead and West. And that is the whole division. Each of them will have one assistant. That is all, the point being that their work is essentially to act as chairmen of task forces. Once the basic position about the nature of a plan or program has been made, then one of these three will take the responsibility of chairmanship of the task force which will be drawn from the other parts of our own department, from planning, from implementation, from incentives, and even more importantly from appropriate specialists from other departments, to constitute the federal task force which, working in most types of programs with some equivalent group from the province, would develop the details of the plan. So that takes us to the programming stage.

Once that is finished then of course there is a formal decision of some kind, an agreement with the provinces, whatever it may be, and the implementation division takes over. The whole field staff is regarded as part of implementation, though I should emphasize that this is the task-oriented concept of organization in which each person has his home group, so to speak, to which he belongs, whether it is in planning or implementation or whatever it may be. But for any particular task, people come together from the various divisions as a group, as a task force, whatever one likes to call it, under the direction of the appropriate senior officer from planning or programming or implementation as the case may be, according to what stage the project is at. And the various specialists work together for that particular purpose under the direction of the appropriate person from planning, programming, or implementation.

Implementation in a task of our kind means, as you have I think emphasized, Mr. MacDonald, that we are largely engaged in co-ordinating a great many programs, most of which are the programs of other federal departments or of provincial governments, which have been carried out as part of a co-ordinated plan. Therefore, we are anxious not to confuse that implementation function with the direct operations that we have ourselves in a few programs, for example the industrial incentives program where we are doing something which we are administering directly in



the department, as a program within the department, an activity within the department, and likewise the detailed grant structures for infrastructure, roads and all the rest. This is a program that we administer directly. Therefore we have separated out those two fundamental incentive programs, as we call them, which are part of the things that our own implementation are co-ordinating, but where the operational responsibility, the budget responsibility is directly in our department, and therefore we have a separate division to cover those which we call the incentives division. That is the essential of the organization.

• 1100

There is also the evaluation and administration division, of which Mr. Franklin is in charge. This covers the information systems, the financial and administrative services and the process of program-analysis in review. And then there is the personnel and the ordinary public information section.

**Mr. MacDonald (Egmont):** How does the program-analysis in review relate to the assistant deputy minister's responsibility for planning? Does it relate to that in any way?

**Mr. Kent:** It is inter-related, of course. Planning means the drawing up of programs of action for the department. Program-analysis in review means assessing what the Department has done, whether or not it has worked well, and drawing the conclusions that ought to be drawn therefrom about the weight to be given to future programs—that some things are not working particularly well and should be changed, or scaled down, or that other things are working very well and should be expanded. The planning for which the ADM is responsible is the planning outside—the planning of the things we do for people. The program analysis in review is, if you like, our own internal planning process, comparing the relative directions of our own efforts.

**Mr. MacDonald (Egmont):** It is not necessarily reviewing the effectiveness of what has been done but rather the whole departmental...

**Mr. Kent:** It is really reviewing the effectiveness of the whole series of activities, right across. But it is very important that it be done by somebody separate from the planner,

or for that matter, the programmer or the implementer.

**Mr. MacDonald (Egmont):** What is the function of the special adviser?

**Mr. Kent:** The special adviser is really primarily concerned in assisting me in the very major part of the over-all responsibility of the Department relating to relations with the provinces. The work of this department more than of any other department, as distinct from the Privy Council Office, which is a different type of organization, involves very close consultation and co-operation at all points with the provinces.

To make sure that the whole conduct of our provincial relationships is good with all ten provinces, and is also well co-ordinated with the relations of the provinces with other federal departments, is going to be a very major part of the task which has to be conducted centrally on behalf of the minister. For that reason Treasurer Board, the organization, responsible for government organization, accepted what we felt very strongly to be most important, that if this was to be done there should be somebody with the appropriate experience, and so on, to deal with more discussions, more telephone calls and more correspondence which had to be dealt with centrally for the Department, but which was more than one man, the deputy minister alone, could possibly do. For that purpose a very experienced person, who had been with the federal-provincial relations secretariat in the Privy Council office from the time of its existence, was recruited for the Department to occupy that position.

**Mr. MacDonald (Egmont):** Are you at liberty to say who that person is?

• 1105

**Mr. Kent:** I think so. Mr. Aquilina, who was in the federal-provincial relations secretariat, and the organizer of federal-provincial conferences, and so on, for many years.

**Mr. MacDonald (Egmont):** Therefore, you have established, in effect, a special position related directly to your office, and thus the Minister's, to deal with the whole gamut of relations with the provinces...

**Mr. Kent:** Precisely.

**Mr. MacDonald (Egmont):** ... and the provinces' relations with your Department and other departments?

**Mr. Kent:** Yes.

**Mr. MacDonald (Egmont):** I am a little surprised—and you mentioned this concern of mine earlier—that in the administration the Minister has set up some parallel provision has not been made relative to the question I raised in the House about how we can have effective co-ordination and co-operation with other federal government departments and agencies, and how the machinery for this could be established so that there is some kind of functional effectiveness.

**Mr. Kent:** Important as our relations with the provinces are, they are obviously not of quite the same nature as our relations with other federal departments. The way in which we achieve co-ordination with them is, first of all, that in each area—economic analysis for example—our people will work very closely with the Department of Finance and with the economic groups within the various functional departments, and so on. We therefore know what they are doing and they know what we are doing, and we hope our influence on their approaches to their problems will be close from the beginning of the process, so to speak. That would be true throughout the range of the planning division's activities.

In programming, as I mentioned, this is essentially our providing chairmanships for task forces, which would be drawn from other departments just as much as from our own, to deal with particular programs for particular areas.

Likewise, in implementation, a major part of the work of the ADM implementation and his headquarters staff will consist in trying to have exactly the same co-ordinating influence with other departments. We will also have at both of these working levels, as represented by the particular problems of planning, or programming, or implementation on a particular matter, interdepartmental meetings at the senior official level on the broad directions of the programs. We have already had an appreciable number of those; for example, on the first of the programs that the Minister mentioned in the House the other day, and the one on which most of the Department's planning work has already been done, namely, to improve opportunities for industrial employment, as I think, was the phrasing—the

industrial incentives program. And in all our programs there will be the whole series of—I do not want to call them committees, because committees become formal and create a life of their own—meetings and task forces for particular purposes. Frankly, I do not think that this is a major problem. This will happen all right.

**Mr. MacDonald (Egmont):** You are really going on the record with that.

Apart from the advertisement of the position of assistant deputy minister for planning, are the other positions also being advertised in this way, or what steps have been taken?

**Mr. Kent:** No, sir. You are really asking me a question about the business of the Public Service Commission rather than about business that is properly my responsibility, but I am sure the chairman of the Commission would not object to my answering it.

As you know, the normal practice under the Public Service Employment Act is that where there is a person of the relevant level of qualifications, of the relevant classification and these positions, in the jargon of classifications are SX-3 position—senior executive officer 3 positions—where there is someone with that level of qualification already in the department, or, as in our case, in the agencies that we inherited, then, of course, he can be appointed to that position by the Public Service Commission without competition.

It so happened that we inherited three people of SX-3 level, or its equivalent, and those three people in every way were obviously qualified by their previous experience for three of these four ADM positions—one for programming, one for implementation and

• 1110

one for incentives. But we had an additional SX-3 position, and we therefore followed the normal procedure of inviting applications. I believe there have been over 500, or thereabouts.

**Mr. MacDonald (Egmont):** I will not put mine in if there are that many.

**Mr. Chairman,** would you excuse me? I have an appointment. I will be back in about 20 minutes.

**The Chairman:** Fine, thank you.

**Mr. Horner:** Mr. Chairman, I would like to carry on just briefly and ask Mr. Kent a



number of questions. I was quite interested in his remarks about researchers. I have never been afraid of research or researchers because I generally want to look at the net result. While you suggest that researchers might do research for their own sake or for the sake of research in order to maintain their jobs, I suggest to you that there is also a danger that planners can plan for planning sake and in so doing they tend to get farther and farther away from reality and practicality, and so there is a grave danger in that aspect of your whole planning idea. I noticed you dealt with the question of administration costs and tried to blame it all on the poor pastures. I notice that the government today proposes to assist industry and thereby assist the development of Canada and that for every \$8 the government gives through grants or assisting industry it costs them \$1 to do it. That is my measure of efficiency of your department as the estimates are presented to me. I want to know in the analysis and planning what criteria you are developing or have developed in your efforts towards selecting areas where inadequate opportunities now exist for employment?

**Mr. Kent:** Frankly this is a difficult question to answer in detail, Mr. Chairman.

**Mr. Horner:** You have not established any list of criteria.

**Mr. Kent:** It is difficult because the determination of this rests with the government, with Cabinet, and we are at the stage where, while we have developed and are in the process of recommendation of a criteria of this kind, the Department does not quite exist yet, and these have not yet got the approval of Cabinet.

**Mr. Horner:** I do not want to get into the realm of Cabinet approval, but to follow this line a little further, you are perfectly aware and quite clearly aware of the nine criteria that ARDA eventually laid down. Could you comment on them as to whether or not they would be followed or would be appreciated.

**Mr. Kent:** The ARDA criteria were designed quite elaborately to give a balanced assessment of rural problems.

• 1115

**Mr. Horner:** This is where I differ with you. ARDA criteria, in my estimation, were laid down to estimate the need from a human

point of view, not from a resource point of view.

**Mr. Kent:** Yes, sir, but in rural areas because the ARDA legislation related only to rural areas. So we inherit those criteria from ARDA in relation to rural areas and also criteria used by the Area Development Agency which were directed chiefly to designated areas on the grounds of, in effect, industrial unemployment or underemployment.

**Mr. Horner:** Did the designated areas have any other criteria than the underemployment factor or the unemployment factor?

**Mr. Kent:** They had unemployment and non-farm income as a measure of underemployment.

**Mr. Horner:** Neither of these, then, took in the resource development in their criteria? I am referring to the potential resource development.

**Mr. Kent:** That is correct.

**Mr. Horner:** I ask you this question: do you think that in developing your criteria that this should be, particularly in a country where we have so much resource potential, one of the major criteria in establishing your new regional economic expansion department?

**Mr. Kent:** I am not sure, Mr. Chairman, whether I quite understand the question. Let me attempt to answer what I think the question is, and if I am wrong you will correct me. Clearly, there are two things involved here; one is whether or not an area is one where opportunities for the people who are there are inadequate; secondly, there is what is the potential for improving the situation in that area for those people. I do not think the resource potential is relevant to the first question. The first question is a matter of how people are now living, what are their opportunities. These are the factors which influence the definition of the area of special need. However, that is only one step in the process. The function of the department, the statutory obligation for the Minister, is not just to identify areas but to do that in order to develop programs for economic expansion in those areas, and clearly in the choice of priorities of areas where things should be done and can be done, in the choice of the programs to be carried out, then the potential of the area is a crucial factor agreed com-



pletely. I would hesitate to say resource potential, unless we are clear that we are using "resource" in a very broad sense, is only land and water and so on, which is very important, but is equally potential suitability for industrial locations and it includes, perhaps most of important of all, the resources of people who are there.

**Mr. Horner:** Yes. I think we were looking at "resource" in the broadest sense. I listened to you very closely, but to my understanding, you kept referring to the people who are there, the potential for those people who are there. Just to show you the fallacy that you could get into, let us suppose we are back in the 1910 or 1915 era when Western Canada did not have anybody there, except a few brave voyagers who ventured out to see what the Rockies looked like. If we follow your idea of development we in Eastern Canada would still be developing something for people down here. We have to look to where the resources, and the raw materials are. If necessary, we have to be prepared to move the people there. We cannot just say "There

• 1120

is nobody there now", or "There are five people on that great spread of ranch that Horner has—and there may be a gold mine underneath it—but those five people who are there are living quite well. They are doing very well, so we will not bother molesting them. We will go over to where ten people are who are not doing very well and try to help them". There may be nothing for them there. There may be no gold underneath that land. There may be no potash there. This is the point I am trying to make: the basic criterion for developing a country such as Canada has to be the raw material, the raw resource material, the potential of that raw material, and then, if necessary the people have to go to where that is. Through government assistance, and government contributions, as you call them, and grants, you could sustain a population, for example, on Prince Edward Island from now until Kingdom-come if you had a wealthy part that was always contributing to it, but maybe it would be better to move some of those people, not forcibly, but to entice them through job opportunities to where the resources are. I asked you about the criteria developed under ARDA, the criteria developed under the designated area, and you admitted that the

resource criteria did not really feature in either one of them and all I am saying is that in the developing of criteria under this new program that the raw resources of Canada should be the major criterion, whether it be land and water, whether it be furs in the Northwest Territories, no matter what it is. This is the aspect. This should be the major criterion for developing this great country of ours.

**Mr. Kent:** Mr. Chairman, with respect I do not think there is really any difference here. Our requirement is, first of all, to identify the areas where there are problems in terms of people. That, clearly, is the whole purpose of the Department's...

**Mr. Horner:** This is where you and I are differing. You are concerned with people. ARDA, when it was first envisaged, for example, was dreamed of in western Canada, I know for a fact, as a great potential resource builder but it turned out to be a social welfare program for people. This is my interpretation of it, solely, and I accept the full responsibility for that statement. However, this is what it turned out to be, in my opinion. I do not want another department set up which, in effect, will be a glorified welfare department. I want a regional development department which will develop the resources of this country and which will not overconcern itself with people. Over-concern yourself with resource development and the people will take care of them. The opportunities will be there.

**The Chairman:** I think, Mr. Kent, without getting into an argument on this, just as the Department seems to be taking a bit of a middle road attitude toward this, and where Mr. Horner has emphasized one side, and I did not feel that you emphasized the other but he may have felt you did. I think this pretty well covers that subject. Mr. Gauthier.

[*Interpretation*]

**Mr. Gauthier:** After listening to Mr. Horner, we are wondering what the objectives of the Department are. At the very outset, I thought the Department was going to replace two or three other ones, but I find that the further we go into things, the more we realize that it is going to be a super Department. In fact, the Department will have to deal with forestry, agriculture, fishing, manpower, wel-

• 1125

fare, joint plans, industry, finance, commerce and trade. I think Mr. Horner was right when he said a moment ago that the type of planning raised a number of questions. It was stated a while ago that it was not a Department changed to carry out research with the various other Departments, but rather a Department that aimed at achieving a more realistic type of planning. I wonder whether the task is not too big and whether it is not an "omnibus" Department that we are going to end up with.

To turn to a concrete question, you were talking a while ago about collective pastures. You said that collective pastures would be under this Department, like ARDA. I wonder, sir, whether these collective pastures are at present under the responsibility of the federal government. I would like to know, just for my own information, if the cost for maintaining these pastures is paid entirely by the federal government or, whether like in joint programs, a percentage is paid by the federal government and another percentage is paid by the provincial government. This is my first concrete question and it is for my own information.

[English]

**Mr. Kent:** Mr. Chairman, the community pastures to which I referred are those set up in the three prairie provinces only of course, by the federal government. In all cases they were established with the agreement of the province in obtaining the land and so on, but they were set up by the federal government and are operated directly by it. They are purely federal. It only exists in the three prairie provinces.

In some provinces we have through ARDA given some assistance to the creation of community pastures by the provinces, but the ones to which I referred as we having the responsibility for running are in the prairie provinces and they are entirely federal. Mr. Fitzgerald, the Director of PFRA, which runs all these things is, I understand, Mr. Chairman, going to be your next witness.

[Interpretation]

**Mr. Gauthier:** If the federal government is entirely responsible for maintenance, have the provinces turned the land over to the federal government?

[English]

**Mr. Kent:** If I might, Mr. Chairman, I would like to defer the detailed answers on this to Mr. Fitzgerald who is the man directly responsible. The answer is yes, the federal government owns the land, but perhaps we could get Mr. Fitzgerald to explain to the Committee how the community pastures operate?

**The Chairman:** If you will hold that, Mr. Gauthier and Mr. Fitzgerald.

[Interpretation]

**Mr. Gauthier:** Fine, I shall wait. Thank you.

[English]

**The Chairman:** Mr. Whiting.

**Mr. Whiting:** Mr. Chairman, I wonder if Mr. Kent could explain the incentives offered for industrial development to, say, an industry moving into a designated area?

**Mr. Kent:** I will gladly explain the present program, Mr. Chairman. As you are aware, the Minister has announced that he hopes to introduce legislation in May, to change that program. Obviously, it would be premature for me to talk about that, which would be the reflection of the new department's views about this.

As a report on the system as it has existed since 1965, the present legislation, in essence is this. The federal government will make a grant to any manufacturing or processing operation either establishing a new plant or expanding an existing plant in one of the designated areas which is a proportion of the capital costs of the new plant or of the expansion. The grant is 33½ per cent on the first \$250,000 of investment, 25 per cent on the next \$750,000 of investment and 20 per cent on the remainder but with a maximum for the total grant of \$5 million. This grant is available provided that the firm applies for it before it has made a decision on establishing a new plant or expanding its plant because the whole point of the program is to influence that decision to do the thing in a designated area. The grant is paid on the basis of 60 per cent when the plant comes into commercial production, a further 20 per cent one year later and another 20 per cent two years later. Those are the main features of the program.



• 1130

**Mr. Whiting:** How successful have you been in this program, we will say in the Maritime Provinces?

**Mr. Kent:** I think I have to distinguish between the two parts of that in general and say, in the Maritime Provinces. The program as a whole, I think, without any question at all has been very successful. There is no doubt at all that it has assisted a great deal of industrial development. I do not have the figures in front of me. I believe they were given to the Committee when it was considering the current year's estimates, but if the Committee would like up-to-date figures I will be happy to obtain them for you.

Undoubtedly a large volume of investment and the creation of a large number of jobs has been assisted. However, there are two questions about the effectiveness of the program as the Minister has indicated in the House and at the Federal-Provincial Conference. One is that it is probable that in some cases it has, in fact, assisted industries to do what they would have done anyway, and in that sense has produced windfall profits in some companies. That is one aspect of the problem.

The second, and perhaps even greater, weakness has been that while it has stimulated a great deal of development in total, where it has stimulated a very vigorous development has been when an area was designated, really, in Ontario or in Southwestern Quebec, the St. Jean region, and the early stages of the program in places like Cornwall, Brantford and St. Jean and more recently the Midland area of Ontario.

When this powerful incentive has been available at a point relatively close to what is otherwise the industrialized heartland from Montreal to Windsor, then there is no doubt at all that it has succeeded in attracting to that area a great deal of industry which might otherwise have been in Toronto, Hamilton or somewhere else, presumably. However, it has not been anywhere near so effective in attracting new industry to the Maritimes, Eastern Quebec, Northern Ontario, Northwestern Quebec or the Prairies.

It has attracted some, there is no question about that, but while it has been successful in total and a lot has taken place under it, it has been less successful in relation to the needs of the Maritimes, the northern fringe and the

Prairies than it has been where it operated in special isolated areas closer to the Montreal-Toronto-Hamilton-Windsor axis.

• 1135

**Mr. Whiting:** Mr. Chairman, Mr. Horner laid great stress on developing our natural resources and to a point I agree, but I also place a great stress on developing secondary industries utilizing our natural resources.

**Mr. Horner:** That is what I meant.

**Mr. Whiting:** Yesterday I received a letter from the City of Timmins with reference to Texas Gulf's building a smelter up in that area—apparently they do not know where they are going to build their smelter—and they urged all members of Parliament to do what they could to see that this smelter was built in that particular area. That would certainly give additional employment to a lot of people living there.

Now, I am not suggesting that the Department go in and offer to put up the smelter for them, but what action would your Department take in encouraging a company like Texas Gulf to locate their smelter up in that area?

**Mr. Kent:** Well, discussions have been held concerning the nature and size of the incentive programs as I summarized it a few minutes ago as it would apply to their particular project, in order that they can make a decision whether, on balance, with the help of the incentives, it is practicable for them to locate in that area rather than farther south. If they do locate in that area, it will be thanks to this program. There is no question at all about it.

If it were not for this program their location might not be in Canada, but certainly it would not be in the North, it would be farther south. If they do decide to locate in Timmins it will be because of the operation of this program. Its application to their project was last discussed very recently between the company and the Department.

**Mr. Whiting:** One thing that concerns me is the liaison between this Department and provincial departments. Just a short while ago there appeared in the paper the designated areas for the Province of Ontario, and I think they were five. How does it work if this department does not agree with the federal government's opinion that area "X" should not be a designated area, and you got a



hodgepodge of designated areas, some federal, some provincial and really no co-ordination existing between the two levels of government?

**Mr. Kent:** We hope that in future there will be much better co-ordination. Under the existing ADA program the federal government made its own decisions purely by itself on the basis of statistical criteria, the criteria which Mr. Horner was criticizing so much. The federal government made its decisions about its areas on that basis and in the case of the provinces of Ontario and Quebec, which have industrial incentive programs of their own, they made their own decisions about areas.

This means that in a few places, if a company locates there, it will get both the federal incentive and the provincial incentive. There are other places where it will only get the provincial incentive; there are others where it will only get the federal incentive. It is not really all that irrational, in the sense that obviously if a place is regarded by both the federal and provincial governments as requiring the incentive, presumably there is a decent chance that this really is where the need is greatest and it is where the total incentive is greatest.

However, as I think the Minister has made clear, under the new program we do intend to change that. Designation of areas will not be based on the sort of rigid statistical criteria that have been used in the past. If you have those absolutely rigid criteria, there is no such thing as consultation, obviously. Either the figures come out in a certain way or they do not, and that settles the issue.

The intention for the future is to use—I am tempted to say, more common sense and less

• 1140

statistics. If you are doing that, obviously there is a basis for consultation with the provinces before making a decision and that, as the Minister has made clear, is what we intend to do about our areas. We hope the effect of that will be consultation both ways, so to speak.

This cannot be guaranteed, of course, because there are two parties to it, but we hope very much that we will, in fact, be able in future to operate with the provinces and we agreeing on the areas where our incentives will apply and the areas where theirs

will also apply. It could be that in some areas theirs alone will apply, because it may be that a province feels it needs to do something special from its point of view about an area, even though in the over-all national view we cannot take the view that the federal taxpayers' money ought to be used. We hope to proceed by consultation and agreement and not by acting independently.

**Mr. Whiting:** Mr. Chairman, I wonder if figures concerning ADA could be produced by Mr. Kent and attached to today's proceedings? Would that be possible?

**The Chairman:** I think so. There is no difficulty at all.

**Mr. Whiting:** Is there any money being spent on—well, for want of a better word, public relations, to inform people, businesses, industries that there are designated areas and what they might have to offer industries that might want to settle in those areas? Is there a selling program, in other words, that the Department is embarking upon to get their message across to interested parties?

**Mr. Kent:** There has been a modest program for some time under ADA. It consists mainly of having a representative at industrial exhibitions of various kinds and setting up a little booth and having somebody there to explain the program and answer questions. There is also, of course, literature about the program which perhaps the Committee would like to have. But there is no direct advertising such as radio advertisements, television advertisements and that sort of thing.

**Mr. Whiting:** No, no, I did not expect that. But interested people are being made aware of this program and what is involved.

**Mr. Kent:** Yes, that is right. I think that if we are successful in designing a more effective program for the future, then certainly one small part of that—not a big part—would be probably to step up this activity a little. I do not think you try to do a big selling job on these things because people soon get to know that there are these incentives available and they make their enquiries about them, but you need to do a small one.

**The Chairman:** You were finished, Mr. Whiting?

**Mr. Whiting:** Yes.

**The Chairman:** Mr. Robinson, you are next.

**Mr. Robinson:** Thank you, Mr. Chairman. I have listened with some interest to what has been said already and I note in particular some of the comments of Mr. Horner, with which I disagree. I think when we talk about planning, we are not concerned only with the physical resources but we are concerned about the physical, economic and social planning, and I think people are very important and should be included and not excluded. I think the main resource in our country is our people and without our people we would have nothing.

I must say that I do agree with Mr. Horner when he talks about our give-away programs and this whole idea of setting up a welfare system. I think we do have a chronic situation in welfare at the present time and it seems that once you get involved in it you continually remain in it and never get out of it. We continually make our welfare scheme and these programs so attractive that we become attached to them and there is really no incentive to get off these programs.

What really concerns me is what the Department is doing with regard to trying to eliminate the social economic problem to

• 1145

rehabilitate the areas or rehabilitate the people and get them started again. In other words, how soon can you cut out a program once you have embarked on it? Or do you merely get embarked on a program and continually pour money into it indefinitely?

**Mr. Kent:** Mr. Chairman, we have programs of grants or contributions—that is the general heading that is used for all types of government programs—but we have no welfare programs. The programs for which this Department is responsible are entirely ones for creating opportunities and helping people to take advantage of those opportunities. The grants to firms are grants in order that investment will take place and jobs will be created. The types of assistance we give directly to individuals are assistance to them to get training or to move in order to take the jobs. The ARDA grants to provinces are grants to develop land resources in one way or another or to develop the facilities of an area for tourist purposes or whatever it may be—a great variety of purposes of these kinds. But they are all one shot in the sense that they are developmental and not continuing programs. Perhaps I could take the exam-

ple of the most elaborate program so far, the one recently signed with P.E.I. The point of the P.E.I. agreement is that it was based on the analysis that the value of agricultural production in P.E.I. can be increased three-fold by means of a development program, and that is what it is. It does not give grants or subsidies or contributions to anybody to go on living without working, so to speak.

**Mr. Robinson:** Does your Department have anything to do with the program for Bell Island?

**Mr. Kent:** The largest federal component in the program for Bell Island is actually, I suppose, contributed by the department with which the Minister and I used to be involved, the Department of Manpower and Immigration, but because of the severity of the program and of the problem on Bell Island it is supplemented by additional mobility grants to help people to move. But the involvement of our Department and indeed of the federal government as a whole with the Bell Island problem, rightly or wrongly, has been to look for new activities that could be developed there. That was done by a committee under Dr. Weeks' chairmanship. Unfortunately it came to the conclusion that this did not appear to be practicable, and with that conclusion the federal activity has consisted entirely in helping people to train for new jobs and to move to those jobs off the island. There has been no welfare.

**Mr. Robinson:** Well, regardless of how you guise this, shall we say, you are still making a contribution to an area that really has no physical resources at all as far as I can see. The only resources they have there are the people and how you are going to get them involved. We have spent...

**Mr. Kent:** And that is entirely what the money has been devoted to.

**Mr. Robinson:** We have spent according to the estimates in 1967-68 \$295,000, and in 1968-69 we estimate \$343,000. Will this continue to go up? I understand that the population has decreased considerably; yet our contribution towards this program has continued going up. What I want to know is when it is going to stop. What is the ultimate goal here?

**Mr. Kent:** I think you will find, sir, that the figure proposed for 1969-70 is reduced from \$350,000. There was \$295,000 spent in 1967-68,



\$350,000 was approved for 1968-69, but what is proposed for 1969-70 is not \$350,000 but \$150,000. It has been reduced for precisely that reason.

**Mr. Robinson:** And what is the ultimate goal? Do we anticipate that in 1970-71 there will be no expenditure at all?

**Mr. Kent:** I am afraid it is the sad fact, as I think was drawn to the Committee's attention earlier, that the mobility assistance on Bell Island has about served its purpose. That is

• 1150

to say, almost all of the people who are willing and able to move have now, with this assistance, moved, got jobs, are working elsewhere. Unfortunately, one third of the one-time population when the mine was working at full scale remains. A very high proportion of it—no, forgive me—it is down to 6,000-odd. At one time there were 15,000-16,000 people on Bell Island, I think. Were there not?

**Dr. E. P. Weeks (Executive Director, Atlantic Development Board):** The maximum was about 12,000, then it had drifted down so that about 5 years ago it was down to about 9,000. Just prior to the closing of the mine it was of the order of 8,000 or 9,000. It has phased down since to 6,500.

**Mr. Kent:** I thought the peak was more than 12,000, that it was about 16,000.

**Mr. Robinson:** This is only what I remember from the statistics given to us about a week or so ago by the committee that appeared from Bell Island. They told us that there were 14,000 people when the program was first instituted, and that when the mine went out of business in about 1966...

**Mr. Kent:** Fourteen thousand?

**Mr. Robinson:** Fourteen thousand, and that it had reduced to 6,300 when they appeared before us. These are the figures they gave us. What I would like to know is: what is the program to rehabilitate these people or airlift them out of this disaster area so that we can cut out this program?

**Mr. Kent:** The only program is a program of offering to those people training and assistance in moving. It is not a program of airlifting them out; it is not a program of forcing them to move, but a program of giving them rehabilitation assistance, whatever you

call it—of doing the things which will make it practicable for them to move. And under the program a great many have moved. The remaining 6,000 have not chosen to move, and that obviously means that while the existing mobility program has largely served its purpose, either there continues to be by the provincial government, though shared with the federal government, of course, under the Canada Assistance Plan, a very large volume of welfare payments on Bell Island or that some closer means of employment for some of those people will be found.

The population remaining has a very high age structure. A very considerable proportion of those remaining are either people literally retired, in their 60s or so, or people in their 50s, for whom a move to a new environment, a new job, is a very difficult thing. Understandably, I think, they choose to stay where they are, where they have a house, rather than to face very uncertain employment prospects elsewhere which, for a man of 50 or so, we have to recognize are very uncertain.

**Mr. Robinson:** I would still like to know what is the ultimate goal. Is this program going to continue year after year until eventually the 6,000 people in Bell Island die off? Are we going to continually subsidize this, or do we have some program whereby we are going to end our contributions within the foreseeable future?

**Mr. Kent:** Mr. Chairman, perhaps I am misunderstanding completely, and if so I apologize. But there is not an answer to that question in the way you put it because the welfare programs for people on Bell Island are the responsibility of the provincial government. They are not federal programs.

**The Chairman:** Mr. Kent, I think we are speaking primarily of the \$150,000. The witness answered that, Mr. Robinson, when he said that it was \$314,000 last year and \$150,000 in the coming year, and that it looked as though they were down to a hard-core group, if I am not mistaken, and therefore the \$150,000 we would expect to drop lower in 1970-71; then when the hard-core group say they are going to stay, we are not spending any money.

**Mr. Kent:** Our program only applies to people who move.

**Mr. Horner:** What is the \$150,000 spent on—training?



**Mr. Kent:** No, the \$150,000 is spent on providing mobility assistance above the level which is provided under the standard federal program.

**Mr. Horner:** For them to move off?

**Mr. Kent:** For them to move off.

**Mr. Robinson:** You have told us that they do not choose to move off. What I want to know is—when are you going to cease this program?

**Mr. Kent:** The offer is there; we will help people to move who choose to move. The number who choose to move is declining and as it declines the program tails off.

• 1155

**Mr. Robinson:** I see. There is another thing I would like to know. Through your Department—and I sort of question the way you have this—on page 7, you say: *Analysis and Planning*. It would seem to me that the planning should come before the analysis but maybe this is semantics. You have indicated that you are planning programs, implementation and evaluation. Basically this would be it. Is there some group that co-ordinates all of these various activities so that you keep them one working with the other—in other words, you keep your programming carrying out your plans and your implementation group carrying out the program, and so on? Is there a co-ordinating group for this?

**Mr. Kent:** Oh, yes, certainly, sir. There are in fact a number of co-ordinating groups for different purposes. There is a management committee for the Department consisting of the heads of all the units who meet to deal with the general management and administration of the Department. There is a policy committee which consists of the senior people—the ADMs—plus the people at the next level who are directly concerned with any particular program. The exact membership varies according to the policy concerned. Then, of course, in all the detailed work—well, for example, people in the Economic Analysis Section might well spend a whole working day along with somebody from Implementation and somebody from Programming and somebody from Incentives as a group working on a particular problem together.

**Mr. Robinson:** What are the ultimate goals and aims of your Department with regard to eliminating these socio-economic problems?

**Mr. Kent:** The obligation which has been defined for us by the Prime Minister and the Minister is that we are to try to bring opportunities to a level of as great an equality as is possible in all areas of the country. That is the goal.

**Mr. Robinson:** That is the ultimate goal? And the short-term goal, I would assume, is providing palliatives in programs to rehabilitate people as you have suggested, as is the case in Bell Island?

**Mr. Kent:** Bell Island is an example of one particular difficult problem. I would say that our major programs are the industrial incentives program, which in its present form I described a few minutes ago, and programs of the nature of the P.E.I. one, where the attempt is to develop in that case the agricultural resource base particularly, and also the tourist base to a lesser extent, in a way which will very much improve the earning opportunities for the people of the Island.

**Mr. Robinson:** One further question, Mr. Chairman, if I may. How many trained social workers do you have in your Department—community organizers, community planners, social planners?

**Mr. Kent:** I cannot answer that question offhand. There are certainly a number of people with experience in social work. It cannot be a very large number because that sort of activity, while it is a part of many of the plans that we are involved in, or hope to be involved in, is mostly activity which would actually be carried out by the province. It would be a part of a plan but it would be a provincial program within the plan. So that the number of trained social workers that we would actually have on our staff would be very few. I can think of two offhand. I do not know whether my colleagues can recall any more.

**Mr. Robinson:** Is it the intention of your Department to have your programs co-ordinated with the provincial and municipal programs, or are they basically a supplement?

**Mr. Kent:** Oh, no. Certainly it is the intention that they be co-ordinated.

**Mr. Robinson:** Thank you, Mr. Chairman.

**The Chairman:** Mr. Serre.

**Mr. Serre:** Thank you, Mr. Chairman. I was very much interested in the line of question-

ing of Mr. Whiting a while ago concerning the incentive grants to secondary industries and the ways and means by which your Department goes about stimulating such industries to settle in designated areas. To pursue this line of questioning, as you are aware we have areas in the country, especially in Northern Ontario and Northern Quebec, where we only have the one major industry, which is mining. All across Northern Ontario we have

• 1200

what we call the raw material producing industry which creates a tremendous outflow of capital with the result that it creates a lot of unemployment in the outlying areas. We have no processing plant, and these big companies, more particularly in the Sudbury district, such as INCO and Falconbridge, are making big profits and do not seem to be too concerned with establishing processing plants in the area with the result, as I mentioned a while ago, that we have an outflow of capital, and in the long run they are draining our rich natural resources from the area. What will come next, we do not know. Can your Department be of any help in stimulating the establishment of such processing plants or in seeing to it that the outlying areas are eligible for incentive grants?

**Mr. Kent:** Yes sir, our industrial incentives do. There was a specific case discussed a few minutes ago, of course, the Texas Gulf Sulphur Company case. Our incentives can encourage a company to do processing at the source rather than, as is often more economic for it, closer to the market. The basic problem is that in many cases it is more economic to process, or the company considers so, closer to the market, but our incentives can help to change that decision. Whether they are big enough, of course, is hard to tell.

**Mr. Horner:** What incentives could you give in the particular case that Mr. Whiting referred to or one similar to that which Mr. Serre referred to? What incentives could you give? Do you actually believe that money would make a difference in the case of a big company like Texas Gulf Sulphur Company or INCO?

**Mr. Kent:** I think there is no question at all but that money makes the difference. It locates where it believes it will over the long run get the best earnings for the company. If the capital cost of investing in one place is

reduced by means of the program I described earlier in reply to Mr. Whiting, then obviously there is a chance of its locating there, where otherwise it would not. This undoubtedly happens.

**Mr. Horner:** I shudder at the thought of giving Texas Gulf Sulphur Company a dollar of my hard-earned tax money that the government takes out of me. I shudder at the thought of the government doing this. Surely we should be able to do it by regulations and control or maybe a guaranteed freight rate for the refined product, but certainly not through a direct gift of money to big companies like INCO and Texas Gulf Sulphur which are very well capable of looking after themselves with regard to profit.

**Mr. Kent:** The Federal Government does not have any such powers of control, Mr. Chairman.

**Mr. Horner:** They can move pretty quickly with the co-operation of the provinces, into that line of control.

**The Chairman:** If I may interject here, I do not think that sizes ought to be a criterion. We are thinking again of development and using, maximizing the resources, and...

**Mr. Horner:** I do not believe it should be a welfare program for the wealthy companies.

**The Chairman:** I certainly do not want to argue that with you, Mr. Horner, but if you were going to expand your spread to three times its present size and you were going to hire 10 or 15 people instead of the five you have, I would say maybe you were helping the area. Let us not argue because we want to get on to PFRA.

• 1205

**Mr. Horner:** If the Federal Government gave me a grant of \$5 million I would expand my spread and hire hundreds more people.

**The Chairman:** Mr. Serré.

**Mr. Serré:** Mr. Chairman, may I be permitted just one more question? Would your Department be prepared to make a study of such an area to see if you could help the outlying areas which do not benefit from the mining companies?

**Mr. Kent:** Most certainly. As I think was pointed out earlier, we are going to have a



great deal to do, but it is certainly part of the programs that the Minister described the other day, that we would do that and make a study and if it reveals the practicability of action that could be taken under these programs, then, subject to Parliament voting the funds of course, it is our business to try to do it.

**The Chairman:** Mr. Cyr.

[*Interpretation*]

**Mr. Cyr:** Mr. Chairman, since the beginning, there has been talk about analysis and research to find solutions and planning formulas. You are no doubt aware that since 1963, there is the Regional Development Plan in the Gaspé Peninsula. We have made studies that are summed up in 11 books. And, lately, the National Planning Board said that there was a lack of staff to implement the federal-provincial agreement. In studying the estimates of the Department that we went through this morning with Mr. Franklin, we discovered that the administration vote is about 16 per cent of the budget and that in every other vote reference is made to administration, research and analyses.

If we refer to the federal-provincial agreement with Quebec, we find that 2 per cent is allowed for general administration. In each of the other Departments, such as Agriculture, for instance, you find millions and millions diverted to research and analysis; in the Department of Forestry and Rural Development, you have \$1,650,000 for research; carried out in experimental farms in the Department of Fisheries, you have \$22 million of which \$12 million are earmarked for research by Quebec and by Ottawa.

In all these agreements, you find there was research and analysis, as you mentioned earlier. Before the approval of those appropriations—within a week—would it be possible to find out what percentage of all those appropriations provided for this year will be affected to research and analysis? In fact, what is the amount of all those appropriations that your Department expects to assign directly to regional development two or three years hence? In other words, when will people benefit from those sums, instead of granting them for research and analysis? Shall we at some point in the future know what the amount is? Will 10 per cent or 15 per cent of these sums be assigned to the population, or will the sums assigned to analysis and research amount to 50 per cent or 70 per cent? Can you tell us what the percentage will be?

Since 1963, in the Gaspé Peninsula—my colleague from Rimouski could bear me out on this—our attention has been on research and analysis, and the population has not yet benefitted from this Development plan.

My question is perhaps somewhat complicated.

[*English*]

• 1210

**Mr. Kent:** All the analysis and planning work is done by the Department, as the Department, is included in this one estimate of \$2,469,000. In so far as other money being spent on research analysis and planning is concerned, it takes the form of grants that we make to the provinces for the carrying out of research on the spot, to try to break down the elements in those contributions to the provinces which go into research analysis and planning. Yes, we could do that. I am not sure how meaningful it would be at the moment. Certainly we could do it for last year: what was the total of last year's grant expenditures that took the form of grants for research analysis and planning. I realize that of the total expenditures to date in the Gaspé it would be a significant proportion, a large proportion. I suspect that by the time the Gaspé plan is implemented it will seem a very much smaller proportion of the total.

[*Interpretation*]

**Mr. Cyr:** I have a supplementary. If you could give us the percentage for planning, research and analysis, will that include also the amount of the grants given to the provinces?

[*English*]

**Mr. Kent:** What I was suggesting, Mr. Chairman, was that we would try to compile that figure.

**The Chairman:** That is fine, Mr. Kent. I gather also from what you say is that we can compile it, but whether it will be of any use at the present time is another question, because if you look at the percentage now as the program starts it will not have any bearing to the ultimate and I do not think it will improve anything. However, if it is not too much trouble maybe you could find some rough figures and we will get them for the Committee.

**Mr. Kent:** Certainly, sir.

The analysis of the planning costs inevitably are a larger proportion at the beginning than they are later on.



**The Chairman:** You might speed this up, Mr. MacDonald, because I would like to hear from Mr. Saumier and Mr. Fitzgerald.

**Mr. MacDonald (Egmont):** I wanted to direct a couple of questions, specifically to Mr. Sufrin, who has come here I think to answer particular questions about what happens to the research and planning work that was being carried on by the Atlantic Development Board. I wonder if you could tell us what projects are in the works now and what the disposition of these will be. Two of them, have been published, and the third one is either about to be or has just been published. I believe there were a number of others. Perhaps you could indicate what they are and what the disposition of them will be.

**Mr. Sufrin:** The three that have been published are a study on agriculture, fisheries, and forestry. We are expecting one on the study of transportation developments insofar as they may affect deep water harbours. A study of the mineral industry will be forthcoming shortly. The work has all been done on this and it is a matter now of editing the report. There is a fairly large study of the tourist sector which is still in the process of being revised and adjusted on the basis of extensive consultations with the provincial

• 1215

tourism and recreation people. The date of this is uncertain because the relations are fairly extensive, but we expect it to be ready towards the middle or latter part of the summer. There is a series of studies of the manufacturing sector which consists of studies of separate industrial sectors within the manufacturing sector as a whole. These also are in various stages of assembly and revision. Some have been completed and could be published almost immediately; others will emerge during the course of the summer. Shortly we will have a study of the water resources and the water demand requirements for the four Atlantic provinces. This is also in the final stages of editing and very close to publication date. These are the major studies which are in the works now, with one addition, perhaps, and that is a study of education which has been available for some time and is waiting in the lineup on the editor's desk. These are the principal reports which will be coming out over the next few months.

**Mr. MacDonald (Egmont):** So you plan to continue the policy, or whatever that the Atlantic Development Board established of publishing them when they are ready for publication. Is that correct?

**Mr. Kent:** Oh, yes. I think the Minister made that clear the other day, Mr. Chairman. But, if not, most of them...

**Mr. MacDonald (Egmont):** It was not made clear to me.

**Mr. Kent:** There is no question of setting aside the work that has been done. It will be published just as it would have been with the Board.

**Mr. MacDonald (Egmont):** Right. I do not want to prolong this questioning, but there are three or four areas where I think it would be useful if the Committee could have information, and I will simply mention them and will not ask for answers now, but would hope that the Minister might supply this information to the Committee. Inasmuch as we have here, at least in draft outline, the job description of the Assistant Deputy Minister for Planning, could the Committee be given the job descriptions that must, I am sure, have been drawn up for the other positions. The other assistant deputy minister positions, your own position, Mr. Kent, the position of the special adviser and other major positions that will be functioning in this Department?

**Mr. Kent:** Mr. Chairman. I apologize but I should say at once I am not sure whether it is possible to meet this request. The detailed job descriptions are drawn up for positions which are vacant, which need to be filled. Brief job descriptions are done for all positions, of course, except I think that of deputy minister. I am not sure whether there is a job description for a deputy minister. The formal job descriptions are done when a position needs to be filled, rather than automatically, because it would be just so much waste paper really. With regard to the other jobs, there are just brief descriptions to fit them into the location in the organization and so on. But there are not great, formal job descriptions for all these positions.

**Mr. MacDonald (Egmont):** Then I assume that if there are not job descriptions for these various positions there must be some outlines establishing the function of the divisions and showing the relationship to people who are in them.

**The Chairman:** Mr. MacDonald I think there has been published, in the way of a news release, a general outline. Probably this will satisfy you and the Committee.

**Mr. MacDonald (Egmont):** It will not satisfy me Mr. Chairman, and I do not think it will satisfy the workings of the Department. I think it would be useful as the Committee does its work to have as clear a view as possible. We have tried to grapple with a great deal of information here this morning, and...

**The Chairman:** I wonder, in view of the time, if you and I and the other members of the steering committee could not discuss this at some length so that we could develop it a little further.

**Mr. MacDonald (Egmont):** Let me just mention two other things, and put them on the table now so that the Deputy Minister and his department will be aware of these questions which I think are important. It would be

• 1220

useful for the Committee to have—and I realize this cannot be given immediately, but perhaps could be developed over the next few months—the criteria for:

1) the evaluation of departmental effectiveness which will obviously develop in the program analysis and review sections, and

2) the criteria for evaluation of programs, or projects carried on, initiated or participated in by the Department.

The final matter that I think will be important for this Committee will be to have before it the over-all policy under which this Department operates. Now, in the first instance, of course, it is the legislation that is in the final stages of being passed, but perhaps even more germane to the functioning of the department will be the various regulations, which will be, I suppose as is usual, published in the *Canada Gazette*.

**Mr. Kent:** They have to be as a matter of law, Mr. Chairman.

**Mr. MacDonald (Egmont):** But it will be important that that become a part of the Committee's material as an appendix, if you like, at some point.

**The Chairman:** I certainly agree with your first two suggestions. The third one I think maybe we can discuss again.

I would like to thank you, Mr. Kent and Mr. Sufrin. Maybe Mr. Sufrin might come back on Thursday when we are dealing specifically with the Maritime section, and if Mr. MacDonald has other questions that he would like to enlarge on, he can do so at that time. In the meantime we will pass to Mr. Fitzgerald and Mr. Saumier.

There are a couple of members of this Committee—oh, we have lost one of them, I guess—that we put off until it was your turn to be the witnesses. We shall start with you, Mr. Horner. Do not run away now.

**Mr. Horner:** Mr. Fitzgerald, may I direct your attention to the booklet on budgeting for the next year. I notice with some regret the proposed expenditures under the Prairie Farm Rehabilitation Act on page 8, Construction and Acquisition—\$11 million, which are detailed on page 11. Looking over that long list on page 11 which totals something like \$10.4 million I see very little of it to be quite honest with you—and I want you to say I am looking wrongly or rightly—I see very little of it to be spent in Western Canada.

**Mr. Fitzgerald (Director of Prairie Farm Rehabilitation Act):** Of that total on page 11, detailed projects, the PFRA expenditures add up to about \$7.9 million. I think that figure is essentially correct.

**Mr. Horner:** Well, where is the Shellmouth Dam and Portage Diversion?

**Mr. Fitzgerald:** It is the second last item.

**Mr. Horner:** Yes. Where is that?

**Mr. Fitzgerald:** It is in Manitoba.

**Mr. Horner:** Is that in the interlake region?

**Mr. Fitzgerald:** No, it is just on the border of Manitoba and Saskatchewan.

**Mr. Horner:** I see. But is this just tidying up the finishing of the South Saskatchewan River Project and St. Mary's Irrigation Project?

**Mr. Fitzgerald:** That is right.

**Mr. Horner:** The Bow River Irrigation project, too. I see there an item of \$50,000 on replacing irrigation works. What criteria do you use to determine whether you are going to contribute to replacement work or whether you are not?

**Mr. Fitzgerald:** Mr. Horner, this refers to a very large irrigation rehabilitation program



that has been established or is being established by the Government of Alberta which

• 1225

could cost up to \$50 million over a period of ten years. This involves...

**Mr. Horner:** Fifty million dollars, did you say?

**Mr. Fitzgerald:** Roughly \$50 million. Rehabilitation involves the various irrigation districts in the southern part of Alberta. To answer your question, we have not as yet developed any agreement with the Province of Alberta on this matter but it is the provinces intention to ask the federal government for an amount of money that would relate to the national benefits we get from irrigation. This may sound a little bit far-fetched but it really works out on the basis of the cost benefit studies that we have done. Roughly the national benefit is about 35 per cent of the total benefits from irrigation in Southern Alberta.

**Mr. Horner:** Thirty-five.

**Mr. Fitzgerald:** Yes. On that basis we could anticipate the Province of Alberta asking Canada for something of the order of \$20 million for this program.

**Mr. Horner:** They have not yet asked?

**Mr. Fitzgerald:** No, not yet.

**Mr. Horner:** Could they have asked under the old ARDA agreement?

**Mr. A. Saumier (Assistant Deputy Minister of Rural Development, Department of Forestry and Rural Development):** Maybe I can answer that, Mr. Chairman. In theory I suppose they could. The limiting factor there was that there simply was not enough money under the ARDA agreement to carry this kind of program in Alberta.

**Mr. Horner:** Fine, thank you. I am exploring this whole aspect because I know the urgency of it. Mr. Fitzgerald, I think the project I am thinking of is the Tide Lake, north of Tilley. There is the possibility there of expanding the water supply for that whole irrigation area in and around the Tilley area. Are you aware of that project?

**Mr. Fitzgerald:** Generally aware of it, yes.

**Mr. Horner:** Has there been any application made to PFRA for the development of a greater water reserve in that area so that they would have available to them more water throughout the summer, particularly through drier summers?

**Mr. Fitzgerald:** The answer is no. We have not had a specific request from Alberta for a project but we are aware that Alberta has done some studies. Indeed we have participated in some of these studies but this has not been formulated in terms of a request for a project as yet by Alberta.

**Mr. Horner:** Does it have to be? In other words cannot the PFRA move in with the assistance of the eastern irrigation district and develop that program to give that whole irrigation area in and around and south of Tilley, particularly, a greater water reserve? What initiates a PFRA project?

**Mr. Fitzgerald:** Actually, Mr. Horner, under our Act our Minister does have authority to sign agreements with irrigation districts and municipalities, even individuals, for these programs. But as a matter of policy, particularly in recent years, we have attempted to only do those things that are requested by the province.

**Mr. Horner:** I see.

**Mr. Fitzgerald:** You can understand, I think, that if we were to go in and promote development of water in certain areas this may not be a provincial priority. We do get this bit of conflict and confusion. Of course, before we start any project we have to go to the province to get the water rights, if there is water involved.

**Mr. Horner:** I am fully aware of that. I am going to let that one go for a while. I understand your answer and my next effort there should be directed at the province to request it of you. Have the PFRA—and I believe they have—changed their concept with regard to supplying water or water projects only for agricultural use? You know what I mean.

**Mr. Fitzgerald:** As you are well aware, Mr. Horner, we have for some years now been involved in a very indirect way with providing water for towns and villages. More by accident than design we have constructed projects which, in addition to serving the agricultural needs of an area, are by their location good enough to provide a town or



• 1230

hamlet with a water supply. This in a sense is outside of our legislative responsibility. Our program addresses itself to agricultural development and really a town water supply in one sense is not an agricultural program. To get around this we are attempting to negotiate an agreement with the provinces whereby we would construct a project providing it was largely an agricultural one but the province would share in that element that had to do with a town water supply. Negotiations are still going on with the provinces with respect to this new formula, or this new agreement.

**Mr. Horner:** I was thinking particularly there of the Bullpound Creek diversion to the Hanna water supply, and I think you are well aware of the project. This is what I had in mind. Perhaps you have not really drawn up any of those agreements with any province yet?

**Mr. Fitzgerald:** Not as yet, no.

**Mr. Horner:** But you intend to do this?

**Mr. Fitzgerald:** We have made the offer to the provinces and they are now in the process...

**Mr. Horner:** In the process of looking at it?

**Mr. Fitzgerald:** ...of considering it.

**Mr. Horner:** Going back to the Shellmouth Dam and diversion project, what is the direct agricultural benefit to be derived from that? Is it irrigation or what?

**Mr. Fitzgerald:** No. This, of course, is again a special project that comes under a special agreement we have with Manitoba. The purpose of the Shellmouth Dam is really as one of the works to protect the City of Winnipeg. The Shellmouth drains into the Assiniboine River. We are really damming the Assiniboine River and creating a diversion into lake...

**Mr. Horner:** Actually you are assisting the City of Winnipeg in the management and control of its water supply?

**Mr. Fitzgerald:** That is one of the prime benefits.

**Mr. Horner:** You are prepared to spend \$4.27 million in managing and controlling the City of Winnipeg's water supply? That was arrived at through a special agreement with

the Province of Manitoba. Let us go back to the town of Hanna and the management, control and supply of its water. Could not a special agreement be drawn up with the Province of Alberta and the municipality with regard to its water supply similar to this \$4.2 million job?

**Mr. Fitzgerald:** Just for Hanna?

**Mr. Horner:** Just for Hanna.

**Mr. Fitzgerald:** I suppose that is possible.

**Mr. Horner:** For that municipality, yes.

**Mr. Fitzgerald:** Our objective is to get a blanket program for that purpose for all towns...

**Mr. Horner:** Oh, I understand the blanket program and I am prepared to wait. This spring looks like a good runoff and Hanna is going to have lots of water. At least it looks that way although it is a little early to forecast exactly yet, it depends on how the snow goes. I am prepared to wait for the blanket project, but this special project interests me for two reasons; it is feasible, it is done. What contribution, for example, did the City of Winnipeg or the Province of Manitoba make towards it?

**Mr. Fitzgerald:** Mr. Horner, the Shellmouth diversion project is a \$22 million project. The figure you are looking at is only the expenditure for next year.

**Mr. Horner:** Yes, I see that.

**Mr. Fitzgerald:** It is shared fifty fifty by the province and the federal government. It is part of the whole Winnipeg floodway complex, again which was shared by the Province of Manitoba, the City of Winnipeg and the federal government.

**Mr. Horner:** In other words the fifty-fifty figure is one which could be used in the overall program you are attempting to develop with the provinces?

**Mr. Fitzgerald:** Fifty-fifty, yes.

**Mr. Horner:** This could be the figure used, although it could vary, I suppose.

**Mr. Fitzgerald:** This is the figure we are actually negotiating.

**Mr. Horner:** This is the figure you are negotiating with them.

**Mr. Fitzgerald:** Yes.

**Mr. Horner:** I have one other question which relates to administration costs. A while ago, and I do not know whether you were in the room or not, the administration costs of PFRA were held up as an example and the pastures and so on were all brought into it. Could you tell me, do the PFRA pastures cost money to operate or do they break even or what is the figure there.

**Mr. Fitzgerald:** The basis of the program is that we provide all of the capital expenditures to establish a pasture. Once it is established we hope that the revenue we receive from grazing fees will offset the annual operational costs.

**Mr. Horner:** Do they?

• 1235

**Mr. Fitzgerald:** They have generally in the past. It looks as though next year we are going to lose about \$300,000 because our salaries have increased over the past 18 months and we have not increased our grazing fees.

**Mr. Horner:** I understand. In other words, very little of this Administration, Operation and Maintenance item of \$11 million on page 8 can be really attributed to the operation of the PFRA pastures, because the pastures pretty well pay for themselves, or have in the past.

**Mr. Fitzgerald:** In that sense, yes.

**Mr. Horner:** That is mostly salaries for engineers and water projects I suppose?

**Mr. Fitzgerald:** That is right, administration.

**Mr. Horner:** The administration of the engineering staff of PFRA I imagine, is it not?

**Mr. Fitzgerald:** This is right.

**Mr. Horner:** In trying to develop further water projects or in maintaining or supporting present water projects.

**Mr. Fitzgerald:** Yes. Of course, administration covers all our investigations and studies and the engineers and water development people we employ for this purpose.

**Mr. Horner:** Yes, but I just wanted to isolate that particular fact because it is notable of course in the proposed man-year expenditures. I imagine that would figure out to be 1,300 personnel.

**Mr. Fitzgerald:** I should correct you, Mr. Horner, that figure includes things other than PFRA; that is a departmental figure.

**Mr. Horner:** Yes, I realize that. In isolating this I am pointing out to the Committee that the pastures really pay for themselves or very nearly do, and the \$11 million figure really is administration; headquarters here in Ottawa and the whole gamut, in a sense.

**Mr. Fitzgerald:** You are right, you make it sound as if we are spending all our money keeping books or something though.

**Mr. Horner:** I do not know how I make it sound. I made the statement that in order to give away \$8 through grants, contributions or assistance in developing water or industry it costs the federal government \$1, and that is my gauge of efficiency. I think it pretty well sticks.

**Mr. Fitzgerald:** I think in all fairness Mr. Horner, I may say this administration figure here includes our operational expenses for running the Bow River project, for running the whole of the irrigation complex we have in the southwest.

**Mr. Horner:** It is maintaining the gift, yes.

**Mr. Fitzgerald:** It is not development money in that sense, but it is certainly not all spent on administration.

**Mr. Horner:** I will just go right back to my original question and then I will be through. Have you approached the Province of Alberta with regard to replacement of irrigation works? Have you approached them or are you waiting for them to approach you? Let me just be clear on that point.

**Mr. Fitzgerald:** We have now, at least I have in my office, a formal request to meet with Alberta to negotiate the details of the proposed program. I have yet to submit this to my department.

**Mr. Horner:** I see, but Alberta has made a move?

**Mr. Fitzgerald:** They have made what you could term a formal request for us to go ahead and negotiate a program with them.

**Mr. Horner:** They have not yet made a request though with regard to further water reserves, I think in the Tide Lake area, north of Tilley. They have not made any request for that?

**Mr. Fitzgerald:** No.

**Mr. Horner:** They have not made any requests for a project, for PFRA assistance in that line?



**Mr. Fitzgerald:** No.

**Mr. Horner:** If they did, of course, you would then consider it. I am going back to your earlier statement. You would then consider it and perhaps find some place for it under the next year's budget?

**Mr. Fitzgerald:** Yes, the procedure is that we would investigate it and cost it out. If it were one of Alberta's priorities we would attempt to get money to cover it in the next year's budget.

**Mr. Horner:** Yes.

**The Chairman:** Do you have a question, Mr. Ritchie.

**Mr. Ritchie:** Mr. Chairman, I would like to ask Mr. Fitzgerald what he sees as the role of PFRA in western Canada. According to the task force and agricultural papers there will be some further reduction in the number of farm people, presumably they will go to regional centres to get jobs. What about those people who are left? Have PFRA any ideas on how to help the farm people who are left perhaps through ancilliary efforts arising from PFRA, such as recreational facilities, tourism and so on?

• 1240

**Mr. Fitzgerald:** Well, Mr. Ritchie, our program, of course, is rather narrow in the sense that it is confined to two things really, land use in terms of community pastures and water development. It is very difficult to say to what extent both of these things will become significant, having regard to the reduction in the number of farmers. With respect to land use, if we anticipate an increase in the livestock population we must have more land to go into pastures and to the extent that they will take the form of the PFRA type of pastures, I suppose it is correct to say that we will continue in this particular area of activity.

**Mr. Horner:** Or watering pastures.

**Mr. Fitzgerald:** Water is, of course, another thing. The PFRA water development program is far from reaching the ultimate objective of providing adequate water for farmers and ranchers. I think that this type of program is needed and to that extent would be continuing.

**Mr. Ritchie:** What about the problems of erosion and land clearing—erosion, grassing

and so on—do you feel there is much more to be done that we have to do to assess land use?

**Mr. Fitzgerald:** I think so, Mr. Ritchie. Here again we only touch on this aspect of it. I do not want to say that this is a complete responsibility of the provinces, but most of the provinces do have some conservation type of organization that has to do with prevention of erosion, better land use, with respect to such things as holding the soil by planting trees or special grasses and that type of thing.

**Mr. Ritchie:** Do you think that PFRA has a useful role or can the provinces carry this themselves? Have the PFRA the technical knowledge or the over-all, shall we say, jurisdiction—not exactly jurisdiction—or people who are interprovincial who can contribute to these programs?

**Mr. Fitzgerald:** I think there is a role for the federal government here in broad planning and research into this type of thing. However, the actual programs of soil conservation and prevention of erosion, particularly as they would refer to a specific area in a province, I think are logically a provincial responsibility and should be carried out by the provinces.

**Mr. Ritchie:** Are we pursuing these policies fast enough? Speaking as an individual, do you think we are pursuing them fast enough, particularly as they apply to Western Canada. I am not familiar with the other parts of Canada to which they apply.

**Mr. Fitzgerald:** I do not think, Mr. Ritchie, that we have generally a serious problem with respect to erosion or mismanagement of our land resource in the Prairie area. You will always find areas where this takes place, but I think they are fairly isolated. I think as a general statement we can say that our land management in the Prairie area is pretty good. You must be thinking, sir, of one particular area.

**Mr. Ritchie:** Not a particular area, I was just more interested in your over-all assessment of either what we are doing or what the possibilities are, if any, in the immediate future. If you do not feel there is any great immediate problem, that is an interesting comment then. I have no further questions.

**The Chairman:** Mr. Serre, did you signal that you wanted to ask a question before you went out?



**Mr. Serre:** No.

**The Chairman:** Mr. Horner?

• 1245

**Mr. Horner:** Mr. Fitzgerald, I imagine that a great number of the PFRA projects on page 11 fall under the category there of "projects under \$250,000"; am I correct in that assumption?

**Mr. Fitzgerald:** Yes, in terms of numbers this is correct.

**Mr. Horner:** Yes, and most of that \$3.6 million would actually be spent by PFRA.

**Mr. Fitzgerald:** That is correct.

**Mr. Horner:** So you still are playing a major part in small projects throughout the Western part of Canada, or throughout all of Canada?

**Mr. Fitzgerald:** The Prairie part of Canada.

**Mr. Horner:** The Prairie part, so would most of this \$3.6 million be spent in the Prairie part too?

**Mr. Fitzgerald:** About 90 per cent of it would be spent on the grasslands of the Prairies as opposed to the tree belt.

**Mr. Horner:** These are mostly small projects, small dams?

**Mr. Fitzgerald:** Most of these are what we refer to as our community projects, the average cost of which is around \$15,000.

**Mr. Horner:** Yes, fine. Is it the intention of PFRA to operate the community pasture at Suffield again this year?

**Mr. Fitzgerald:** Yes, it is.

**Mr. Horner:** Permission has been granted by the Department of National Defence?

**Mr. Fitzgerald:** Permission has not been denied.

**Mr. Horner:** Permission has not been denied; well, that is fine, then do not ask for it. I would like to know whether or not Alberta has changed its attitude with regard to community pastures under ARDA or PFRA generally. Have they? For years they did not want one in there.

**Mr. Fitzgerald:** There is no indication, Mr. Horner, that they want the PFRA type of pasture program in Alberta.

**Mr. Horner:** Supposing, for example, they own the pasture; have they made any application for the development of water on their pasture land in order to make it what might be called an irrigated pasture, to increase the carrying capacity, of course, of livestock?

**Mr. Fitzgerald:** Not under PFRA.

**Mr. Horner:** Not under PFRA nor under ARDA to your knowledge?

**Mr. Fitzgerald:** Yes, under ARDA they have developed two or three irrigation pastures.

**Mr. Horner:** They have. Where are they?

**Mr. Fitzgerald:** There is one near Seven Persons, Alberta.

**Mr. Horner:** I see, and is there one near Rainier? Have you looked at the suggested pasture at Rainier at all under ARDA?

**Mr. Fitzgerald:** I cannot recall that name, Mr. Horner.

**Mr. Saumier:** Did you say Rainier, sir?

**Mr. Horner:** Yes, I think there was some talk about it at one time. How many pastures have ARDA assisted with in the Province of Alberta?

**Mr. Saumier:** Mr. Chairman, we have the Seven Persons grazing reserve, the Keg River Metis colony community pasture and Shadow Lake, of course with which you are familiar.

**Mr. Horner:** Yes.

**Mr. Saumier:** As far as I can see, this is it for Alberta. There have also been some projects in the northern part of the province.

**Mr. Horner:** Has there been any application from the Province of Alberta for the development under ARDA of a water reserve and recreational spots, near Empress, Alberta; it is right on the Saskatchewan border? I do not think the project has been approved, but I wonder if there has been any application?

**Mr. Saumier:** I would not know about that Mr. Chairman.

**Mr. Horner:** You would not know about it.

**Mr. Saumier:** There may have been. I can find out, if you like, whether we have been contacted about that.

**Mr. Horner:** Whether you have been contacted by the provincial government with

regard to the development of a water reserve which could be used as a recreational spot out in a pretty dry, arid area around Empress or Acadia Valley, in the area south of Acadia Valley, I think, and north of Empress. I know there is a great deal of interest in that area and I would assume from Mr. Fitzgerald's remarks that the proper liaison would be for the province to show an interest in it first and make application for it either through ARDA or through PFRA.

• 1250

**Mr. Saumier:** I may add, Mr. Chairman, that we have been supporting a fairly massive program of water research in Alberta.

**Mr. Horner:** Underground and...

**Mr. Saumier:** Underground, ground water and so forth.

**Mr. Horner:** Has ARDA not had anything to do with the dam at the Bighorn on the Saskatchewan River at all, have they not made any surveys and has PFRA not been called in for that purpose?

**Mr. Fitzgerald:** Indirectly we have, Mr. Horner. As you know, we have done a very large study called the Saskatchewan-Nelson Basin Study Report and the Bighorn is one of those sites that is being investigated. Quite a project may be built there.

**Mr. Horner:** The Calgary Power Company is going ahead with the project there now.

**Mr. Fitzgerald:** That is what I understand.

**Mr. Horner:** According to your survey, Mr. Fitzgerald, is the dam going to be built? Do you agree that this is where the dam should be built? Do you agree that this is the most feasible spot for a dam to be built to provide benefits to the greatest number of people from that water? I am not thinking particularly of power, I am thinking perhaps of the agricultural use of that water in the years ahead, fitting into the Nelson River basin study, of course.

**Mr. Fitzgerald:** It is difficult to answer that question, Mr. Horner, because the impetus comes from the Calgary Power Company people to build that dam.

**Mr. Horner:** I know that.

**Mr. Fitzgerald:** I think, obviously, this is going to be the primary benefit.

**Mr. Horner:** But the point I am trying to make is that water, I believe, belongs to all the people and it should be developed with that thought in mind, not solely with the thought of the power company in mind. Do you see what I mean? Is the dam going to be built in the best spot to give the majority of people some benefit from that water in the years ahead as we develop the Red Deer River diversion scheme or the full development of what you might call the Nelson River basin or the eastern slopes watershed aspect?

**Mr. Fitzgerald:** Mr. Horner, all I can say is that Alberta appears to be giving this project rather a high priority and in their mind they must be...

**Mr. Horner:** I am not worried about Alberta giving it high priority. You are not concerned with power. You are more concerned with water and land use. Am I right?

**Mr. Fitzgerald:** Yes.

**Mr. Horner:** All right. If the Alberta Government suddenly wants to concern itself with the development of power, that is their business, but they have to concern themselves with this, too. However, I want to find out if the dam is situated in such a spot that in future years it can play a part in the development of greater water and land use in the whole water study, river study or...

**Mr. Fitzgerald:** I do not know whether I can answer that question or whether I dare answer it, Mr. Horner. Certainly, any water storage on the Saskatchewan stream is good storage. We can use it. Almost any place you site a dam in the prairie area you can get some agricultural use out of it.

**Mr. Horner:** Tell me this, then. At one time there was a diversion program from the North Saskatchewan River down to the Clearwater River or the Raven River and then eventually into the Red Deer River or the tributaries, I think—my memory is fading on the rivers—but I think it was from the North Saskatchewan River into the Clearwater River and then into the Raven River and then into the Red Deer River, but is this dam situated in such a way that it can contribute towards that diversion?

**Mr. Fitzgerald:** Yes, it is.

**Mr. Horner:** It is?

**Mr. Fitzgerald:** Yes, and to that extent it would become a control dam for a diversion that might be brought in.



**Mr. Horner:** Yes.

**The Chairman:** Are you finished, Mr. Horner?

**Mr. Horner:** Yes.

**The Chairman:** Mr. Robinson, do you have one question before we close?

**Mr. Robinson:** That is about all I have. Mr. Chairman, am I correct in assuming that this program, PFRA, is strictly a program for the Western Provinces?

**Mr. Fitzgerald:** Yes, for the three Prairie Provinces.

• 1255

**Mr. Robinson:** The three Prairie Provinces. When was the start of this proposed \$250 million program?

**Mr. Horner:** Did you say \$250 million?

**Mr. Fitzgerald:** Are you thinking of our expenditure since we first started?

**Mr. Robinson:** Yes.

**Mr. Fitzgerald:** The Act was passed in 1935.

**Mr. Robinson:** Has the program been carried on, to some extent, yearly since that time?

**Mr. Fitzgerald:** Yes.

**Mr. Robinson:** Would I understand, then, that it will probably be finalized within the next three or four years?

**Mr. Fitzgerald:** Inasmuch as...

**Mr. Horner:** I would like to point out, though, if I might, Mr. Chairman, Mr. Robinson is a little in error when he suggests \$250 million. He did not say it, but he left the implication that the \$250 million was spent on the prairies. All of that \$250 million, the total on page 11, was not spent on the prairies.

**Mr. Robinson:** I understand it was spent for the prairies.

**Mr. Horner:** No, no, some of that is for marsh land. There is no marsh out there.

**Mr. Fitzgerald:** About half of these projects are for the Maritimes.

**Mr. Horner:** I just wanted to correct that.

**Mr. Robinson:** Could you give me the percentage that is for Maritimes and the portion that is for the three Western Provinces?

**Mr. Fitzgerald:** If you will look under the third column, Proposed Estimates, 1969-70, you will see \$10.431 million.

**Mr. Robinson:** Yes.

**Mr. Fitzgerald:** PFRA will spend something of the order of \$8 million of that, so eight-tenths of it will be spent.

**Mr. Robinson:** Would it be roughly eight-tenths of the \$250 million that would...

**Mr. Fitzgerald:** No. The figure in the first column there is the total value of these projects that are under construction at the moment. I can add these up quickly. PFRA, I suppose, have eight-tenths of the total, as well. We are looking at a figure there, for example, of \$119 million for the South Saskatchewan River dam.

**Mr. Robinson:** Is it fair to say that eight-tenths of this \$250 million would be spent in the provinces of Manitoba, Saskatchewan and Alberta?

**Mr. Fitzgerald:** That is right.

**Mr. Horner:** Over a period of 34 years.

**Mr. Fitzgerald:** This just refers to the cost of projects that have been started, are now under construction or are nearing completion.

**Mr. Robinson:** Do I understand from these estimates that it is anticipated that these programs will be wound up when the \$250 million has been spent?

**Mr. Fitzgerald:** No, you are not right. PFRA is a development program. Next year there will be other projects in here to replace some of these that will have been struck off the list because they have been completed.

**Mr. Robinson:** I see. But will the total estimated cost be revised from this \$250 million?

**Mr. Fitzgerald:** This is bound to vary because, I say again, what you are looking at here are projects that are now under construction including the \$119 million for the South Saskatchewan River dam.

**Mr. Robinson:** So that this is a continuing program of pouring assistance into the Maritimes by about two-tenths of the total cost with the remaining eight-tenths going into the three Western Provinces?

**Mr. Horner:** It is a continuing program of developing water resources.



**Mr. Fitzgerald:** To answer your question, I am being both unfair to the Maritimes and to the West, I think, because the figure I suppose, you should be talking about is the amount of money we have spent for water development in total since, let us say, 1935 in the Maritimes as opposed to what it is in the West.

**Mr. Robinson:** Looking at it from another point of view then, in your plans for the future what do you anticipate this total program will cost by way of developing water resources and so on, in the Maritimes and the Western Provinces?

**Mr. Fitzgerald:** All I can say, I think, is that in our five-year programs we have budgeted for \$12 million of new construction work per year over the next five years. Obviously this figure will vary up and down depending upon the budget situation in any particular year, but in our forward planning, to use some figure, we have used the figure of \$12 million.

**Mr. Robinson:** You are assuming now that it will be \$12 million per year for the next five years?

**Mr. Fitzgerald:** That is right.

**Mr. Robinson:** Do you have any planning beyond that stage?

• 1300

**Mr. Fitzgerald:** In a general way we have, but in terms of those projects which we could construct each year for the next five years we have estimated that we would need \$12 million.

**Mr. Robinson:** Are there any large projects planned for the future?

**Mr. Fitzgerald:** No, that does not include any large programs of the magnitude of the Shellmouth Dam and Portage Diversion, the St. Mary Irrigation Project or the South Saskatchewan River Project.

**Mr. Robinson:** Thank you, Mr. Chairman.

**The Chairman:** Yes, Mr. Whiting.

**Mr. Whiting:** I wonder if I could have explained to me what you mean by a "pas-

ture". What do you mean by the Hillsburg Pasture?

**Mr. Fitzgerald:** A community pasture, as we refer to it in the West, is a large block of land that is usually submarginal for cereal production and its best use is for the grazing of livestock. Under our program, if the provinces own large blocks of land like this that have been taken out of production or are not being used for any purpose, they lease Canada the land and PFRA goes in and develops the pasture. When I say, develop the pasture, this really means putting a fence around the area, building some headquarters buildings, developing water supplies, corrals and this type of thing. These pastures vary in size from 160,000 acres to, I suppose, the smallest one we have is 10,000 to 12,000 acres.

**Mr. Robinson:** It would not have anything to do with a moose pasture then?

**Mr. Whiting:** That is worse. Do a group of ranchers graze their cattle in these pastures at so much a head or...

**Mr. Fitzgerald:** That is right. Mr. Horner may complain when you use the word "rancher". We are more interested in the small farm operator, the man who does not have available to him extensive grazing facilities or the man who can keep 20 or 25 cows, grow enough feed in the summertime to feed them through the winter, but graze them during the summertime in one of these community pastures. This is where we get the word "community". The pasture serves a community of farmers around the pasture area.

**The Chairman:** Are these beef cattle?

**Mr. Fitzgerald:** Generally, yes, but there are some dry stock, too.

**The Chairman:** Gentlemen, if there are no further questions, I would like to thank both Mr. Fitzgerald and Mr. Saumier for being with us this morning. I am sure Mr. Horner is a little more satisfied than he was when he came to the meeting. I say that with my fingers crossed.

---



HOUSE OF COMMONS

First Session—Twenty-eighth Parliament  
1968-69

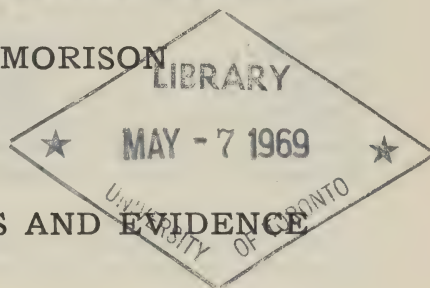
---

STANDING COMMITTEE

ON

**REGIONAL DEVELOPMENT**

*Chairman:* Mr. JOHN MORISON



---

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 10

---

THURSDAY, MARCH 27, 1969

---

Estimates (1969-70) of the Department of Regional Economic  
Expansion.

---

WITNESSES:

*(See Minutes of Proceedings)*

THE QUEEN'S PRINTER, OTTAWA, 1969



STANDING COMMITTEE ON REGIONAL DEVELOPMENT

*Chairman:* Mr. John Morison

*Vice-Chairman:* Mr. Alexandre Cyr

and Messrs.

Blouin,	<sup>1</sup> La Salle,	Robinson,
Broadbent,	Korchinski,	Roy ( <i>Laval</i> ),
Comtois,	Lundrigan,	Serré,
Gauthier,	MacDonald ( <i>Egmont</i> ),	Smerchanski,
Honey,	McGrath,	Sulatycky,
Horner,	Nystrom,	Whiting—(20).

(Quorum 11)

Fernand Despatie,  
*Acting Clerk of the Committee.*

Pursuant to S.O. 65 (4) (b)—

<sup>1</sup>Replaced Mr. Ritchie on March 27, 1969.

(Text)

## MINUTES OF PROCEEDINGS

THURSDAY, March 27, 1969.

(10)

The Standing Committee on Regional Development met at 11.15 a.m. this day. The Chairman, Mr. Morison, presided.

*Members present:* Messrs. Blouin, Broadbent, Comtois, Cyr, Gauthier, Honey, Korchinski, La Salle, Lundrigan, McGrath, Morison, Robinson, Serré, Smerchanski, Sulatycky, Whiting—(16).

*Also present:* Mr. Marshall, M.P.

*Witnesses: From the Department of Forestry and Rural Development:* Messrs. A. Saumier, Assistant Deputy Minister of Rural Development; D. W. Franklin, Director General of Administration and Evaluation; G. Page, Director of Experimental Projects. *From the Atlantic Development Board (ADB):* Dr. E. P. Weeks, Executive Director.

The Committee resumed consideration of Item 1—Administration, Operation and Maintenance of the 1969-70 Estimates relating to Regional Economic Expansion.

The Chairman introduced the witnesses, who were examined generally on their respective areas of responsibilities.

Dr. Weeks undertook to supply the Committee with certain details requested by Mr. Marshall.

At 1.05 p.m., the questioning continuing, the Committee adjourned to the call of the Chair.

Fernand Despatie,  
*Acting Clerk of the Committee.*





## EVIDENCE

(Recorded by Electronic Apparatus)

Thursday, March 27, 1969

• 1114

**The Chairman:** Gentlemen, I think we can get started now. We have a quorum.

It is my hope this morning that with our witnesses, Mr. Saumier, Dr. Weeks, Mr. Teeter and Mr. Franklin, we can cover the ADB

• 1115

plans and the plans of the Maritimes and also in Quebec. As those of us who were here on Tuesday know, we covered the Western plans, PFRA and the like, pretty thoroughly. With this meeting, if you gentlemen are satisfied, I hope we can close the general discussion of the Estimates, holding over Devco until after the Easter recess. We have tentative plans, of course, for the Devco directors on April 22. Following that I would hope that we then could accept the votes and close the Estimates.

If there are any questions that you still have regarding the Estimates, let us try and bring them out today so that we will be in a position to close them on the 22nd.

Do you have a formal statement, Dr. Weeks?

**Dr. E. P. Weeks (Executive Director, Atlantic Development Board):** No.

**The Chairman:** We can get down to the questioning of the witnesses immediately.

**Mr. Cyr:** I think Mr. Gauthier wanted to continue his questioning of Mr. Saumier from our last meeting.

**The Chairman:** That is correct. Actually we held a question over for Mr. Gauthier. Would you like to lead off then, Mr. Gauthier?

[Interpretation]

**Mr. Gauthier:** Mr. Chairman, you had postponed my turn to another sitting. I am gathering my notes. We had been speaking about pastures. I had asked a question about pastures in order to know whether it would be

possible for Quebec to have community pastures, which at present exist in the West only. Could you suggest any means which would provide Quebec with pastures just like those out West?

**Mr. A. Saumier (Assistant Deputy Minister, Rural Development Branch, Department of Forestry and Rural Development):** The answer to that question is very simple, Mr. Chairman. Theoretically, it is definitely possible for Quebec to have community pastures. It is a decision that must be taken essentially by the Quebec government, for what concerns ARDA, and probably by the Department of Agriculture. It is up to them to establish whether in the present stage of agriculture in Quebec and in view of how the Department of Agriculture in Quebec considers the future development of agriculture, and whether or not, under such circumstances, it would be adequate or advisable for the province to have community pastures. As far as ARDA is concerned, is is feasible.

**Mr. Gauthier:** According to the present Act, and according to the answers I have received until now, the land must belong to the federal government if we want to make pastures out of it. I think we are heading towards the same problem as with the national parks. When we shall come to discuss community pastures, I believe Quebec will be asked to give the land to the federal government.

**Mr. Saumier:** As far as ARDA is concerned, Mr. Chairman, the land does not necessarily have to be the property of the federal government. In the western provinces, in no cases do the lands used for community pastures under ARDA belong to the federal government.

**Mr. Gauthier:** The same argument could be applied to national parks. The problem of national parks would be solved in Quebec if we were to proceed through ARDA.

**Mr. Saumier:** There is, however, a very specific distinction to be made in the case of the national parks. The National Parks Act

provides for the creation of national parks. You may know, Mr. Chairman, that to establish a national park the Act must be amended because the Act has a schedule giving the name and description of the existing parks established by virtue of said Act. This may be a routine amendment, if you like, but nonetheless a specific amendment to the Act is required. Now, the National Parks Act provides for the control by the federal government of the land.

**Mr. Gauthier:** But if the federal government could, as was said earlier, provide 70 to 75 per cent of the money for the national parks, and if the province puts up 25 per cent, don't you think that it would be a good idea to amend the Act and have part of the property owned by the provinces since they provide a certain amount of participation?

**Mr. Saumier:** Amend the National Parks Act?

**Mr. Gauthier:** Amend it, or else, because of Quebec, proceed through ARDA. I am looking for an opening for Quebec because there is a problem there which is almost insoluble. If the Quebec government does not want to transfer lands wholly, in any way whatsoever, to the federal government, it is impossible for Quebec to have access to national parks.

**Mr. Saumier:** I want to make two distinctions here, Mr. Chairman. First of all, the creation of a national park cannot be made through ARDA. It is done through the National Parks Act which is a different Act...

• 1120

**Mr. Gauthier:** It's nevertheless tourism, and in our province we can deal with tourism through ARDA.

**Mr. Saumier:** Certainly. It is then possible to contribute with ARDA to the establishment of a provincial park which has been done in fact in Quebec as well as in any most other provinces. Therefore, as for the creation of a provincial park, ARDA can contribute to it and has actually done so.

**Mr. Gauthier:** With regard to the Gaspé area, could we get around this by means of a provincial park?

**Mr. Saumier:** It wouldn't be a national park. However, the agreement on the Gaspé area provides for the establishment of a provincial park in the Shickshocks area. That is a

problem. Nevertheless, I wish to emphasize that according to the provisions of the FODER Federal-Provincial Agreement on Gaspé, the federal government does not demand to become the owner of the land. The agreement clearly provides that the land would be transferred to the federal government through a lease. Therefore, the federal government would only have the land as a tenant.

This represents an important development in federal policy on national parks and represents, when seen from that angle, a major concession to Quebec in order to allow it to overcome that difficulty, which is not only ideological, with respect to ownership of the land. The federal government agreed in the case of Quebec that the land wouldn't be their property, which is contrary to what has been the case until now in the other provinces. So, in so far as Quebec is concerned, the principle is safeguarded. This fact was recognized by the Quebec government when they agreed to sign the FODER agreement on Gaspé.

**Mr. Gauthier:** Maybe the information I am asking is too specific, but could you tell us to how many provincial park projects the federal government has contributed?

**Mr. Saumier:** Throughout the country?

**Mr. Gauthier:** In Quebec.

**Mr. Saumier:** There have been a good number of the projects in Quebec. It is not the creation of provincial parks as such, because they already exist, but they are projects dealing with infrastructure, road development, developments of various kinds financed in part by ARDA within the provincial parks. If the committee is interested in this, Mr. Chairman, a list could be prepared of ARDA contributions to the development of provincial parks in Quebec.

**Mr. Gauthier:** Very well. Thank you, Mr. Chairman.

**Mr. Cyr:** I should like to go on about provincial parks. In the federal-provincial agreement on Gaspé development, Section III states that:

For this purpose, the federal government will undertake to develop a park in the Forillon Peninsula. Quebec will buy the land then will transfer it on a lease basis, free of charge, to the federal government for a period of time and conditions acceptable to both parties.



I do not intend to speak at too great length about the national park itself, because we have been dealing with it for the past few weeks. Moreover, yesterday, the Gaspé Regional Development Council, that is the agency representing the people, met the Honorable Jean Marchand. And today, there is a meeting with the Quebec Minister responsible for the implementation of ARDA in Quebec.

But Mr. Saumier, the development of the tourist industry in Gaspé is provided in the agreement on national parks, along with the 3 provincial parks, where 75 percent is to be paid, and the national park. This is a whole, an overall situation. The provincial parks are conditioned by the setting-up of a national park.

In this federal-provincial agreement, under the section dealing with Leisure, provision is made for \$22,100,000, of which \$8.3 million for the national park and another contribution by the federal government of \$9,225,000 for provincial parks, for the development of salmon rivers and other projects to encourage the tourist industry. Do you not think that if Quebec refuses a 99 year lease for the development of a national park, there is a breach of contract? Because the agreement states that the transfer must be made, free of charge, on conditions to be determined. We cannot change the National Parks Act. I think the federal government has to maintain its position and insist on a 99-year lease.

We are tired of hearing that Quebec is different from the other provinces. If we want to remain inferior to all the other provinces, we must then say that we are not on the same footing. We have to be on the same footing as the other provinces, I agree. Moreover, I think it is the government's policy at the present

• 1125

time. As Mr. Marchand and the Prime Minister have said over and over again, we should stop thinking of ourselves as inferior to the inhabitants of other provinces. If we want to be considered by the rest of Canada, we should take our place on the same level and respect existing laws. I am not in favour of changing the present National Parks Act solely to please the province of Quebec where I live, and the first national park proposed for the province of Quebec is in my riding.

Now, supposing there is a breach of contract, with regard to Clause III of the agreement where provision is made for \$22,100,000 in expenditures, I think ARDA, which subsidizes 75 per cent of national parks, will have

to withdraw completely by virtue of this clause of the agreement because you can't do things by halves. I think that if Quebec refuses the national park and the three provincial parks, this is not one package.

In so far as I am concerned, as the representative of this Gaspé district, I can say that the people from Gaspé are ready to lose fifty cents rather than having 50 cents for the provincial park, and to have Pointe Forillon lose \$2.00.

So, if we do not want to participate in tourist development, because Quebec is lagging behind the other provinces in that field, we should drop this whole Clause III of the federal-provincial agreement whereby it is provided that the government, federal government will contribute \$17,525,000.

Now, Mr. Chairman, I don't know if my question is a difficult one to answer by Mr. Saumier, but I wonder what he thinks of the idea of saying: "You want no part in leisure and tourism, so we shall abandon this project that was proposed under the federal-provincial agreement."

**Mr. Saumier:** I could say, Mr. Chairman, in reply to Mr. Cyr, that in the mind of those who negotiated the federal-provincial agreement for Gaspé, both the Ottawa negotiators and the Quebec negotiators, the national park at Forillon is in fact a key element of the tourist sector. If, for different reasons, this key element had to be abandoned, we would have to reconsider thoroughly all tourist sectors under the ODEQ agreement. That is a point which is absolutely certain.

**Mr. Gauthier:** May I ask a supplementary question, Mr. Chairman? Is there also a 99 year lease for parks out West?

**Mr. Saumier:** Mr. Chairman, all existing parks are owned by the federal government; it owns the land. What happens, is that the province in question purchases the land, if it does not own it already, and then turns it over, or transfers it, to Her Majesty the Queen in right of Canada.

**Mr. Gauthier:** In other words, this means that the transfer of a 99 year lease was done solely in the case of the province of Quebec?

**Mr. Saumier:** So far, that's right.

**Mr. Gauthier:** That's what I wanted to say a while ago: Whether we have changed, whether we have given special conditions to Quebec on the national parks. The gentleman



said he didn't want to change the federal Act, and yet it was amended for Quebec when its 99 year lease was drawn up. If Quebec asked to have its lease shortened—people say we are inferior; I don't think I'm inferior when I insist on keeping my property. I'm no less than the other person who wants to give up his land for nothing. There is no reason here to say that we are inferior.

I am pleading the case of Quebec. If Quebec wants to keep its land, if other provinces want to give up theirs, it's up to them. But if we want to keep our property, I believe that you have taken a step in that direction when you accepted a 99 year lease, although it is not provided in the Act, because you have just said that the other provinces do not have leases, just Quebec.

**Mr. Saumier:** Mr. Chairman, we have to be clear about this. The National Parks Act was not amended to provide for transferring property by means of leases . .

**Mr. Gauthier:** No, but you accepted the lease all the same.

**Mr. Saumier:** It is a problem of interpretation here. So far, the interpretation which had always been given of the terms and conditions of the Act, which are necessarily of a general nature, was that the normal procedure was for the federal government to become the owner of the land.

**Mr. Gauthier:** Yes.

**Mr. Saumier:** A very careful study of the Act, as it now stands, has brought to light that it is not absolutely necessary for the federal government to become the owner in the strict sense of the word. It is possible under the Act at the present time, to lease a property rather than to own a property in the strict sense of the word.

**Mr. Gauthier:** It is limited property then. The saying goes that he who can do more can also do less. So, if Quebec, in view of its participation, asks instead of a 99 year lease, a 75 year lease, this could be discussed.

**Mr. Cyr:** To continue, Mr. Chairman, I would like to ask Mr. Saumier whether it is true that this agreement which was prepared for the development of the eastern part of Quebec, was done a little too quickly, i.e. that the two governments, the federal government and the Quebec government, did not quite agree even towards the end of the discussions

with regard to certain procedures of this agreement or certain clauses. Could you tell whether this is the case?

• 1130

**Mr. Saumier:** Let us say, Mr. Chairman, that the Quebec government and the federal government finally agreed, since the agreement was signed. Now, as in all negotiations of this type, the discussions go on right up to the end. You remember, possibly, Mr. Chairman, the fluctuations that occurred during the final days in preparing the FODER plan for Prince Edward Island. The same thing happened for the northeastern part of New Brunswick and for Interlake. Discussions continue right to the very end. This is perfectly normal. And in Quebec's case, there were not any more disturbances than could be observed in the negotiations of other plans of this type.

**Mr. Cyr:** I have many other questions to ask about that agreement, Mr. Chairman, but I think that it's time to leave the floor to some other members. If there is any time left before the end of the meeting, I shall come back to the same topic.

[English]

**The Chairman:** Thank you, Mr. Cyr. Mr. Comtois, did you have a question about the parks?

[Interpretation]

**Mr. Comtois:** Mr. Chairman, I wish to say only this; We have been talking for several years on that question of national parks. A few years ago already I mentioned it in newspaper reports. Here we must defend the Quebec viewpoint and also the Canadian viewpoint. I believe that, as far as national unity is concerned, it is important to have networks of national parks throughout the country. I have been repeating that we should stop playing politics with such questions and that we should come to an agreement once and for all, by respecting the Act as it exists.

Now, if we interpret the Act so that a 99 year lease is acceptable, I agree wholeheartedly, but if we intend to go beyond that, I would definitely oppose any further concessions which are in fact a sign of inferiority, and I dislike always having to ask and beg for things that are different from what other provinces have.

**The Chairman:** Do you wish to ask any further supplementary questions, Mr. Korchinski?

[English]

• 1135

**Mr. Korchinski:** Mr. Chairman, I do not know whether this is the proper place to ask the question that I have in mind but it concerns tourism and the setting aside of certain lands. There were plans in the offing to set aside and seed certain lands across Canada for the use of migratory birds, which do attract a certain number of tourists. What has ever happened to such a plan? Has anything been done in this regard.

**Mr. Saumier:** Mr. Chairman, perhaps the question could be a little more precise. I know, for example, that the Canadian Wildlife Service has considerable plans for the preservation of marshes where ducks and things of this kind live. It would be a bit difficult for me to answer such a very broad question.

**Mr. Korchinski:** I did not have any specific place in mind. I understood such a program was in the planning stage a few years ago and that there was going to be some actual work done under ARDA or other departments of government. The thought was to set aside certain lands, possibly lowlands, which would attract and feed these migratory birds, thus drawing them away from privately owned lands and providing a tourist attraction. Now I did not want to go into detail on this but I wondered whether we still have it in mind or whether we had dropped the idea.

**Mr. Saumier:** Not only, Mr. Chairman, is the Federal Government thinking about it but it has in fact initiated over the years a number of projects designed specifically to reach the objective that has just been mentioned. In fact, we have contributed to some projects in that connection under ARDA.

• 1140

**Mr. Korchinski:** Is there work being done in Eastern Canada as well as in the West? I think some work was being done around Winnipeg.

**Mr. Saumier:** There has been a lot of work done in the West but I am not sure about the East. I can look into this, if you like.

**Mr. Marshall:** Does it not generally come under the ARDA plan?

**Mr. Saumier:** Well, it can in theory. There is a section in the ARDA agreement in respect of what is called alternative land use

which may involve for example, withdrawing land from agriculture and devoting it to wildlife. I know we have had projects of this kind in Western Canada but I could not answer with absolute certainty whether we have any in Eastern Canada at this moment.

**Mr. Korchinski:** Well, what about the existing sanctuaries in Canada? I know there is always a need for funds for programs in existence. Some people have dedicated their life to one specific purpose, they are trying to do as good a job as they can but they often require funds. Has the Department any basic plan to provide a service that is obviously sadly needed in many areas.

**Mr. Saumier:** This kind of work is being done, Mr. Chairman, on a continuing basis by the Canadian Wildlife Service which is a part of the Department of Indian Affairs and Northern Development. They are on a continuing basis looking at, analysing and supporting the establishment of this kind of reserve.

There are international agreements, for example, between Canada and the U.S. dealing with the establishment of these reserves and the preservation of certain species of migratory birds. As I said, this program is on a continuing basis and it actually has been going on for quite a number of years.

**Mr. Korchinski:** Is the Department initiating these things on their own or is it necessary that certain people wishing to promote such a program have to push the idea through the usual channels? Does the initiative have to come from the ground up or is the Department actually pushing this?

**Mr. Saumier:** I would put it this way. Our Department, at least under ARDA, has not been specifically pushing this program. We have been receptive to requests from the provincial governments whenever requests have been made to contribute to the establishment or management of such developments when it has been felt provincially that this was desirable.

**Mr. Korchinski:** Have any studies been conducted to assess our requirements all across Canada?

**Mr. Saumier:** Mr. Chairman, one of the aspects of the Canada Land Inventory, which comes under the Department and which is financed 100 per cent by the Federal Government, is precisely to look at this problem and to identify those pieces of land which have



the highest potential for wildlife, for example. So, from the study point of view, we are in the process of taking an exhaustive look at all the land which would conceivably be suitable for this sort of development. This work should be completed in one or two years' time.

**Mr. Korchinski:** That is looking at it from the availability of the land point of view, but is there any specific study being conducted on the requirement for this type of service? Large acreages of land being set aside is fine but if it is not being put to use then the study in that sense is absolutely useless. We know what we have but are we doing anything about it?

**Mr. Saumier:** There are very vast acreages, especially in Western Canada, devoted entirely to the preservation and multiplication of wild birds of all kinds.

**Mr. Korchinski:** Are you satisfied then that the requirements are being looked after in a planned program? Naturally, when these birds are hungry they set down and eat, but whose feed are they getting?

• 1145

**Mr. Saumier:** The word "requirement" is difficult to define. Do you mean from the bird's own point of view or...

**Mr. Korchinski:** Well, yes.

**Mr. Saumier:** ...the requirement from the hunter's point of view?

**Mr. Korchinski:** Well, if we are interested in migratory birds then it must be from the bird's point of view.

**An hon. Member:** It is for the birds, all right.

**Mr. Korchinski:** It is not for the birds because it does attract a terrific amount of hunters. Anybody from the West realizes that all kinds of hunters come out there specifically with the idea of getting in on a lot of good duck hunting, for example. This is not just for the birds, as suggested.

**The Chairman:** Mr. Smerchanski.

**Mr. Smerchanski:** Mr. Chairman, as we are not following any specific agenda, I would like to obtain some information under Vote 10 in reference to the payment to the provinces for research and regional development, especially on Indian reserves. My feeling is that the Indian problem is again being taken on

on a kind of piecemeal arrangement. I appreciate the fact that this Department does not have too much to say, because it is a shared program with the province, and the province pretty well has its own program that is discussed with the federal authorities.

I think this is a completely wrong approach, Mr. Chairman. On the one hand we seem to preach the integration of our Indians into our communities and the Canadian way of life and yet we continually go out and divide the people in our community. We seem to consider the Indian on the reserve as some special type of individual. Why do we isolate these Indians? Why do we take the approach that they are something different?

I cannot see the wisdom, Mr. Chairman, in carrying out research to try to develop new industries and provide employment on the Indian reservation. I think the concept should be on a community, regional basis. Surely if we have Indians on the reserve and if there is employment in the immediate area, all that is necessary is a proper means of transportation. I do not think it is necessary to spend a great deal of money on engaging consultants and engaging people to make a study to determine the type of industry that should be located on the reserve. This is the wrong concept. You are dividing the people in the community and you are raising a barrier between the Indian on the reservation and business people in that community.

We have spent a great deal of money on this type of research which I, Mr. Chairman, feel is unrealistic, unnecessary and a waste of the taxpayer's money. We have these research programs that are carried out on about a grade one or a grade two level. I have seen mimeograph sheets that have been given to the Indians on the reservation asking them how much money they spend on groceries, how much money they spend on clothing, how much money they spend on entertainment.

Mr. Chairman, I am sure our department of Indian Affairs is competent and able, and must have these statistics, and it seems that some place along the way, somebody in this phase of the work has failed to do his homework. I cannot condone and I cannot agree to this continuing public expenditure of money to the provincial governments that are carrying on these researches on the Indian reserves.

**The Chairman:** Would you like to answer Mr. Smerchanski's questions?



• 1150

**Mr. Saumier:** Yes, Mr. Chairman; I think there may be some kind of misunderstanding from the wording that Mr. Smerchanski has referred to. The reason why Indian projects under ARDA are lumped into what you call the research category is actually a very simple one. It is not because this money is used mainly to finance research projects as such. Actually, we have had very few research projects on Indians. Offhand I can think of perhaps one or two rather small activities. Most of the money which is indicated here has gone, in fact, for action projects.

Coming back to my earlier point, the reason why this is put under the research item is because under the ARDA agreement and under the directive received some years ago from cabinet as far as applying ARDA to the Indians in Canada is concerned, this cannot be put under the shared cost program because 100 per cent of ARDA Indian projects is paid by the federal government.

**Mr. Smerchanski:** Mr. Chairman, I am not referring to the payment in respect at programs under ARDA. I am referring to the next classification which is Payments to provinces pursuant to Planning Information and Development Projects on Indian Reserves. Now, does that mean that this is an error in typing and it should be under ARDA? I am not quite sure.

**Mr. Saumier:** Actually what happens is that the payments for Indian projects under ARDA are made to the province, as the general policy under ARDA is that we finance provincial efforts. When there is an Indian project—for example, the development of agricultural lands on the Shadow Lake Reserve, or the development of a tourist complex in Saskatchewan around the Crooked Lake area—the moneys to finance these developments are paid to the province.

They are paid 100 per cent; the full cost is borne by the federal government and this money is not deducted from the provincial ARDA allotment. In fact, as I say, very little of the \$3 or \$4 million which we have spent on Indians has been used to finance research studies.

**Mr. Smerchanski:** Mr. Chairman, I strongly recommend that some review and safeguards be worked in this direction because the danger lies in the fact that this is paid 100 per

cent by federal grants or federal money and the province has a regular heyday in this field without having any obligation.

**Mr. Saumier:** Mr. Chairman, actually it is quite the opposite. The prime purpose of the Indian projects is to cause a situation where the full level of provincial services available to the community at large is brought to the Indian if it is a project on the reserve or wherever the project may be located. It is not a project whereby we intensify, if you like, the segregation of Indians from the surrounding communities. Rather it is a project designed gradually to bring the full scale level of provincial services to the Indian on the reserve in certain specific sectors.

**Mr. Smerchanski:** Mr. Chairman, unfortunately I have to disagree very strongly with the witness. From practical experience in the Province of Manitoba this is not the case and, Mr. Chairman, I say to you that this is the wrong concept. We are dividing the Indian and isolating him on reserves in my constituency and in the northern part of Manitoba. I do not feel that this is a proper approach and I do hope that it will be reviewed on a regional basis. I feel that the Indian desires to be wanted in a community as much as any other individual.

I am speaking from practical experience;

• 1155

these Indians do not want this program and the province is forcing a lot of this type of unnecessary research, unnecessary expenditure of public funds which is not in keeping and not at the request of the Indian. Therefore, Mr. Chairman, I think there is something radically wrong in this approach. Here we are on the one hand in the House of Commons and in our committees trying to get the Indians to come into our Canadian community and be one with us. On the other hand we are isolating them, promising them on the basis of research that we are going to bring industrial development to them on the reservations, while exactly 10 miles away there is an operation that can employ them and is willing to employ them.

The Indians take the attitude that they are going to sit there because the government is going to do something for them, while industry in the area can provide useful employment for these people, can upgrade them and make them independent so they can own their own homes and not have to have any assistance

from the government. This, Mr. Chairman, seems to be the type of philosophy that is not being encouraged on the provincial level.

I am not blaming the federal administration for this, but I think the federal administration has a responsibility to make sure that there is some control on the provincial expenditure of these funds. If they have complete leeway in the expenditures of these funds, surely the federal administration should control it so it will provide the greatest amount of benefit to the Indians and the community, because you cannot develop a reservation at an isolated spot without taking into consideration the entire regional community, and I think on a regional basis this makes a great deal more sense.

I am sorry, Mr. Chairman, that I have to take the stand I do but this is factual. The thing that I am so much annoyed with in the expenditure of public funds is that the provincial government in Manitoba, even on the ministerial level, are going around playing politics with federal funds that have been appropriated for this purpose and are being misused.

I think I have said enough, Mr. Chairman. I do not want to labour the point any more, but this is a fact and I think somebody on the federal level should look into it and have some type of restraint placed on it.

**The Chairman:** Mr. Marshall?

**Mr. Marshall:** Mr. Chairman, I would like to ask a question concerning an item under Vote 10—Payments in accordance with agreements approved by the Governor in Council to make payments of up to 100 per cent of the cost of carrying on research in connection with the development and adjustment of manpower resources in selected areas. Was any of this research work done in the Province of Newfoundland?

**Dr. Weeks:** You are referring, I assume, to the NewStart programs. I assume you are referring to the carrying out of research in connection with the development and adjustment of manpower resources in selected areas and this is NewStart. The answer is that there has not been a NewStart area in Newfoundland.

**Mr. Marshall:** Under Vote 10, is there any way we can get a breakdown by province showing where this money went?

**Dr. Weeks:** I could give you an indication. So far as the NewStart position is concerned, the change for 1969-70 by province...

**Mr. Marshall:** I am referring to any of the areas of the FRED or ADA programs.

**Dr. Weeks:** I just want to be clear. Are you referring specifically to the FRED programs or to the NewStart programs?

**Mr. Marshall:** Well, Vote 10 does not refer to anything specifically, does it?

**Dr. Weeks:** I am sorry, sir; I am looking at the revised...

**Mr. Marshall:** It is on page 340 in the Blue Book.

• 1200

**Mr. D. W. Franklin (Director General of Administration and Evaluation, Department of Forestry and Rural Development):** The Vote on page 340 of \$5.25 million refers specifically to NewStart projects.

**Mr. Marshall:** This is my point. Is there a breakdown showing money spent under any project under Vote 10 by province?

**Dr. Weeks:** Yes, I can certainly get it for you. Mr. Page, as you know, is responsible for this field. We had expected to see him here this morning but he has not arrived.

I have at the moment only the breakdown in terms of what increase is represented this year—when I say “this year” I mean 1969-70—over the previous year, and I can give you that. The increase is by province...

**Mr. Marshall:** I do not need it right now, but if you...

**Dr. Weeks:** I will leave it here.

**Mr. Marshall:** So you save time.

**Mr. Robinson:** This is the kind of question I want to ask too, but I want to go a step further and get the breakdown not only by province, but by project and program so that we know where these programs and projects are being carried on, what they are doing, what their allotment was last year and what it is this year, and where the increase is, if any.

**Dr. Weeks:** Again you are speaking of NewStart.

**Mr. Robinson:** No, I am speaking of the total under Vote 10. For instance, I have no



indication of where you are spending the \$25 million under the ARDA Program. There is no statistical breakdown whatsoever. I do not know where the money is being spent or how it is being spent, and I am expected to approve it. I would like to have a definite breakdown.

**Mr. Marshall:** I put a question on the Order Paper in February for a breakdown and I have not received it yet. I imagine I should call the Department instead. I would get a quicker answer.

**Mr. Smerchanski:** Mr. Chairman, if I may throw a little light on this, there is from the Department a booklet that was sent out, at least I received a booklet, which breaks down the ARDA expenditures by provinces.

**The Chairman:** That is right, Mr. Smerchanski. Then you can correlate them if we get stuck. We have been discussing, either in the blue book or the white book prior to this, and starting with Mr. Franklin's opening remarks a week ago we decided we were going to discuss these items out of the white book. Now, if we are going to question specifically on an item in the blue book, I hope you will bear with me so that we can have Mr. Franklin transpose it back to the white book, because otherwise we have got the witnesses going crazy, like myself.

**Mr. Marshall:** I can wait for the answers. I do not have to have them right away.

**Dr. Weeks:** On your main point, as to whether the breakdown exists, obviously. It is only from the details that you add up to a total.

**Mr. Saumier:** I could also add, Mr. Chairman, that as far as ARDA projects are concerned there is published every year a detailed listing of all ARDA projects for the previous year, which is available by province and by individual projects.

**Mr. Robinson:** I have a copy of this too. We do not have any breakdown of the other expenditures or estimates under this Vote 10.

**Mr. Saumier:** As far as ARDA itself is concerned, the maximum amount of money which is available annually to each province is spelled out at the end of the ARDA agreement. Exactly how this money will be spent by each province in a year is determined as we go along. It is not by and large possible to state beforehand whether certain numbers of

projects will in fact go forward or not. This is something which is controlled on an ongoing basis.

**Mr. Marshall:** I am satisfied that I will get the figures.

**Mr. Lundrigan:** Could I ask a supplementary question before Mr. Marshall moves on? I know he does have other questions. Dr. Weeks indicated that there is no agreement between the Province of Newfoundland and the federal government on NewStart, and I am aware of this. The Premier of the Province has indicated that the reason there is no agreement—I have been pushing this business about NewStart, it sounds very interesting—is that the province has a better arrangement under Manpower. I wonder what this means, because all we have had is a blanket statement on it and I have been anxious to have the province move in the direction of coming under NewStart, I think it has a lot of potential. What does this mean that the province has a better arrangement under Manpower? Are you in a position to answer that kind of question?

● 1205

**Dr. Weeks:** I would prefer not to reply to this if it is possible for us to have Mr. Page, who has been Director of NewStart, make a comment on this. I believe we have been trying to find Mr. Page. I do not see him present. I wonder if you could hold that question over a bit, and perhaps he will show up before the ...

**Mr. Lundrigan:** Certainly, Mr. Chairman, Mr. Marshall has the floor anyway.

**Mr. Marshall:** There was a report submitted by the provincial government to the federal government on a FRED Program, and as I understand it now this plan was not satisfactory and a new plan will be developed. Is there any way in which I, as a Member of Parliament, can see that report so that I can suggest or help the federal government in its new plan?

**Mr. Saumier:** Is it something about Newfoundland?

**Mr. Marshall:** Yes. Did I not mention Newfoundland?

**Mr. Saumier:** Actually, there never was a plan as such prepared of the type that we see for the Interlake, or the Gaspé, or Northeast



New Brunswick. There were some preliminary studies done; there was a general strategy evolved in broad terms. And to be quite honest with you, the general feeling was that the strategy which had been involved was not adequate to deal with the problems because the problems of Newfoundland are so intractable and complex that the planners at some point became stymied in their efforts. So this is why this whole thing is being done all over again, in a way.

**Mr. Marshall:** Mr. Chairman, I would just like to offer that I feel very strongly that there is development potential in Newfoundland, especially in Western Newfoundland, and I refer specifically to the proposed second national park. I realize it comes under the jurisdiction of the Department of Indian Affairs and Northern Development. But as Mr. Marchand has pointed out, there is a relationship between the new Regional economic Expansion Department and the Department of Indian Affairs and Northern Development. How can we correlate the two? The Department of Indian Affairs and Northern Development realize the potential there. How can we correlate the thinking so that this can move ahead as part of a new development plan for Western Newfoundland, or in any potential development?

**Mr. Saumier:** Mr. Chairman, the national park can move ahead irrespective of any over-all development plan. The root of the problem in Newfoundland is that conceiving a development plan for all of Newfoundland, after some preliminary work had been done, proved to be such a mammoth exercise that it was felt to be impractical at the time until about a year or two years ago.

Then there was some thought given to selecting only one area of Newfoundland, namely the western area, as you well know, and, as a matter of fact, we did quite a bit of work in trying to see what kind of over-all future one could perceive for Western Newfoundland. And it was in trying to arrive at this determination that obstacles of such magnitude loomed up that we felt incapable of coming to any conclusion about this.

**Mr. McGrath:** Can you give us some indication of the type of obstacle that made this impractical?

**Mr. Saumier:** The essence of the FRED plan is, ideally at least, to arrive at some kind of labour balance within a given area

where we have, for example, enough employment for the people who are living now who are expected to be living there over a certain period of years. Of course, if there is a gap, it is filled or it is emptied, by out-migration or in-migration as the case may be. The problem in Western Newfoundland was the sheer difficulty of estimating the sort of industrial developments that would take place there. That was the first difficulty.

The second difficulty would have been that even if we had been able to estimate this kind of industrial development, the problem of devising ways and means to make sure that these industrial developments would be of benefit through employment and income to the people of the area also proved to be exceedingly complicated because we are dealing with a vast area with a very primitive communication network, roads system and so forth and with a great number of isolated communities. And our fear was and still is, as far as this particular context is concerned, that if there was no fairly sure immediate prospects of launching a real attack on the

#### • 1210

problems of the area, it was better to leave the area as it was. The difficulty of the problem is that there is no point in exporting rural poverty to urban centres. And since we have not been able to really grapple with this problem, we felt that it would have been exceedingly dangerous to launch or even announce a massive proposal when we were far from certain in our own minds that these proposals would be effective. I would think that with the new departmental legislation, where there are a number of problems that we can tackle which were very difficult to grapple with under the FRED act, that some of these difficulties may be removed and this is why, as Mr. Marchand has indicated, we intend now to take a second look at this whole problem.

In Newfoundland, as you know, we are dealing with a very inflexible situation. There are very complex education problems, resettlement problems, industrial development problems, road problems, and so forth. And until such time as we feel that we have really evolved a framework within which a sufficient number of these problems can be resolved effectively, we came to the conclusion that it would be better to hold up, as it were, rather than move in a precipitous fashion and cause possibly much more harm than good.

**Mr. Marshall:** As Mr. Lundrigan pointed out, I, too, realize there are some very good points in the NewStart program. Have you considered NewStart for Western Newfoundland, or is this a fair question?

**Mr. Saumier:** The NewStart program, Mr. Chairman, must be seen for what it is. The NewStart program is an experimental program which, as Mr. Page explained at the previous meeting of the Committee, and indeed he may speak to this meeting since he has just arrived, is a program which is destined to experiment with new methods and new approaches. It is not a program which is destined, as such, to resolve the problems of an area. So the NewStart program, in itself, is not seen as contributing to resolving the development or the under-development problems of a given area. It is a laboratory, if you want.

**The Chairman:** I think the basic question though, is it not, Mr. Marshall, is whether or not Newfoundland has been considered for NewStart, and if not, why not? Is that what you want?

**Mr. Marshall:** I can understand why not now from what Mr. Saumier said, but what I am interested in, as a Member of Parliament and an interested party, is how can I grasp the problem from the grass roots and get the people involved and bring to the proper channels the needs of the area so that it can be looked at.

The other question I want to ask is will you be sending research people, under this new development plan they are considering, down to that part of the province? And how can we set up a channel of communications so that there can be some help and we will not waste the time that has been wasted over the past years?

**The Chairman:** Would you like to answer that Mr. Page? You are thinking specifically of NewStart, are you?

**Mr. Marshall:** Not particularly NewStart, just a plan that they are thinking about.

**Mr. Saumier:** There is no doubt, Mr. Chairman, that not only have we been considering the problems of Newfoundland, but we are considering them on a continuing basis. There has been a lot of federal import into Newfoundland and a great deal of research effort. And I bear in mind here the strictures made by a number of people against more research

but, undoubtedly, in the case of Newfoundland there will have to be more research. The basic point I would like to make is that we now have legal or administrative instruments which, we believe, are better suited to coming to some kind of resolution of these questions than the ones we had previously.

**Mr. McGrath:** Do you consider this matter of development, or is the devising of a development plan for Newfoundland, to be one of urgency?

**Mr. Saumier:** Indeed, it is one of extreme urgency.

**Mr. McGrath:** Your evidence has been very discouraging to us. My next question follows from this comment. Surely there must be precedents to draw from, experience to draw from, in tackling a very complex development problem like you have in Newfoundland. Newfoundland is not unique, surely, in this regard. There are countries in the world—for example, I am thinking of the United Kingdom, the British experience in Scotland which has met with some success. And I would suggest to you that the situation in Scotland has a great deal of similarity in many ways to the problem that exists in Newfoundland, and the country is very similar.

#### • 1215

Are you correlating these various plans around the world and drawing from this experience, bearing in mind the urgency of the problem? I do not know if you realize how urgent it is, because the province is on the verge of bankruptcy. And this makes the resolution of the problem even more difficult, actually.

**Mr. Saumier:** Perhaps I should say, Mr. Chairman, that we are indeed keeping very close watch on what is going on across the world in this area.

Dr. Weeks and I, for example, are members of a special committee of the Organization for Economic Co-operation and Development which takes a continuing look at regional development policies and programs across the world, and we try to keep abreast of developments there.

You mentioned the experiment of Scotland. I think, as you said, this experiment, or this planning, has met with some success. I do not, however, think—and I am basing my comments here on what United Kingdom officials have told us at meetings we have



under the aegis of the OECD—it can be said that it has met with complete success—far from it. The situation with Newfoundland, as compared to Scotland, is vastly different from the geographical, population and resource points of view.

Therefore, as I say, the problems of under-development and how to resolve them have been the object of the attention of economists, sociologists, administrators, foundations and United Nations groups, and so forth, for the last 20 years; and if one looks at what is coming out of these reports one has a feeling of some gloom, actually. The problems of the underdeveloped countries, for example, not only do not seem to be in the process of being resolved but seem to be going from bad to worse.

**Mr. McGrath:** I often make the comment...

**The Chairman:** Mr. McGrath, much as I appreciate hearing your comments, and I certainly know ..

**Mr. McGrath:** Why do you not wait until I make it, Mr. Chairman, before you rule on it?

**The Chairman:** Because, Mr. McGrath, others have been waiting since 11 o'clock to ask questions. You asked to put a question. I do not feel that you should now move in. If you will bear with me, and in the interest of fairness, as soon as we have heard the others we will get back to your question.

**Mr. Robinson:** Mr. Chairman, would it be in order to have a specific statement on New-Start? The gentleman who can help us in that respect is available.

**The Chairman:** Again, Mr. Page is here and I know Mr. Lundrigan is going to bring this up, but I wish to go back to Mr. Sulatycky. He has been patiently waiting now for almost an hour. I think I should hear his questions. Then we will certainly get back to Mr. McGrath, Mr. Lundrigan and yourself, sir.

**Mr. Robinson:** I merely assumed that Mr. Page was not going to be available.

**The Chairman:** Mr. Page can wait for a few minutes. We will be here until one o'clock.

**Mr. McGrath:** I wish to raise a point of order, Mr. Chairman, on what you said.

In the interests of expediting the work of the Committee and bringing out evidence surely we should be allowed to ask supplementary questions. It is not a matter of waiting for one's turn to get in on the act; it is a

question of trying to develop the evidence; and one can only develop evidence by asking supplementary questions.

I am not here to put on a performance; I am here to get evidence; and my supplementaries were supplementary to some of the very interesting and intriguing matters arising from Mr. Marshall's questions to the witness.

**The Chairman:** This is why I was so loath to interrupt you. I agree with everything you say. But I still say that if it takes another hour, or half an hour, to develop these interesting questions it works a hardship on other members. I agree with everything you say, but I have to be guided here by fairness. For that reason, if you will just have a little patience, I will hear from Mr. Sulatycky.

**Mr. McGrath:** Mr. Chairman, I should say in my own defence that I came here from the Transport Committee. This is about the craziest place in the world. You have to be in three places at the same time. The Transport Committee this morning was hearing the evidence of the National Harbours Board.

**The Chairman:** Mr. McGrath, as always, I agree with you again, but I still recognize Mr. Sulatycky.

**Mr. Sulatycky:** Thank you, Mr. Chairman. I was interested in the comments Mr. Smerchanski made about the problem of the development of Indian reserves and the fact that we are segregating these people.

I am concerned that the Department of Regional Economic Expansion may, sooner or later, become the type of cancerous growth in our society that I consider the Department of Indian Affairs to be.

● 1220

This is exemplified by the fact that you are not responding to the self-need of the people on the reserves, to which Mr. Smerchanski referred, nor are you responding to the self-need of the people to whom Mr. Marshall has been referring. He asked how he can play a part and can get to these people to make their needs known. My understanding of ARDA—and I am dealing now with ARDA because my experience on this is with ARDA—is that you ask for the opinions and for proposed projects from people who will eventually benefit from them. Yet in many instances that I know of you deny the proposals of these people and impose your own.



It seems to me that the problem is that you, as a federal department, exercise virtually no control over the provincial employees who are imposing these solutions. The people who should be benefiting come to people such as Mr. Marshall, or Mr. Smerchanski, or myself, and we take it up with you. You are powerless to act because of the separation between the provinces and the federal government.

The provincial people laugh at the federal members. It seems to be a game, in which you run around in circles and accomplish nothing. Unless those who are administering these programs at the field level start responding to the self-need of the people you are going to become just like the Department of Indian Affairs, which is totally insensitive to the needs of the Indian people.

How can I, as a Member of Parliament, be effective in bringing some of these needs to your attention and how can you see that these needs are acted on?

**Mr. Saumier:** Mr. Chairman, I find it a bit difficult to answer this question. On the one hand we were accused previously of dealing with the Indians in a segregated fashion, and now we are accused of not dealing with them in a segregated fashion.

**Mr. Sulatycky:** Yes; but what Mr. Smerchanski was saying was that the Indians do not even want what you are giving to them. And that is exactly what I am saying—that you are doing things that people sometimes do not want.

**Mr. Saumier:** Mr. Chairman, I do not think that I can accept that statement. It is completely wrong to say that we go to the Indians and impose upon them proposals or projects that they do not want.

In fact, it is just the other way around. I could show you vast correspondence from Indian people asking us to do certain things for them. One example of that is the proposed tourist development in Saskatchewan in the area around Crooked Lake. This development has been asked for by the Indians for years; it has been asked by the Band Councils; it has been asked for at numerous meetings. What we did was to put at the disposal of the Indians the money to hire a consulting firm. The work of that consulting firm was under the direction of the Indian Bands and Councils themselves. They sat down with the consulting firm, which is a reputable one in the area of tourist development, and in concert

with the consulting firm developed a tourist development plan which will gradually be implemented over the years.

For this to be seen as being an imposition, by either federal or provincial officials, of preconceived notions on this particular group of Indians, is to me a paradox. It is difficult to see in what different way we could have gone at this to make sure that we were not imposing preconceived, bureaucratic notions on people who are fighting not to be affected, or not to be destroyed, or disturbed, by these notions.

**Mr. Sulatycky:** I quite agree with you, on that example. As a matter of fact, I have one in my own constituency. There is a very good ARDA project on an Indian reserve, and the people are very happy with it. But you cannot take these isolated examples and say that the whole concept is working perfectly.

It appears to me, sir, that you are hearing sufficient examples today to realize that you are not responding properly to what the people feel should be done; and I think this should be a major factor in what the Department does.

• 1225

**Mr. Saumier:** Mr. Chairman, I must confess that it is very difficult for me to answer a blanket statement of the type that we are not responding to what the people need. I have given a couple of instances, one a very simple one, to show that we are in fact trying to respond to what the people need.

Perhaps if some specific cases could be cited I could provide an explanation of why we have, or have not, responded in any given way.

**Mr. Sulatycky:** Would you undertake to do that if I, or other members of the Committee, bring specific cases to your attention?

**Mr. Saumier:** I would indeed be very pleased to do so. This in fact, is the guidance that we need from the members of the Committee. I think it would be very useful for us to be given specific cases where the intent of the legislation or of the agreement—the ARDA agreement in this case, which I think everybody will agree is sound and good in itself—has, in fact, for various reasons, not been realized.

**Mr. Sulatycky:** When these specific cases are brought to your attention can you, in your position in the Department, bring them

to the attention of the provincial employees who are administering the program at the field level, and will they act on them? Can you compel them to act?

**Mr. Saumier:** In most cases one can bring it to their attention, but I think it would be far-fetched to say that we can compel provincial employees to follow our instructions.

**Mr. Sulatycky:** That is the problem right there.

**Mr. Saumier:** It is not a problem over which we as federal administrators have any control. This is an approach which is built right into the legislation and the ARDA agreement.

**Mr. Sulatycky:** In other words, we should change the legislation?

**Mr. Saumier:** If there is a feeling that this is indeed a problem of maximum importance that is a course of action which is open to parliament.

**Mr. Smerchanski:** Mr. Chairman, supplementary to that, let us consider the ARDA project in the Interlake area. They had some very marginal land which was drained. They drained marshes and lakes. The project was hardly completed before the wildlife people were up in arms and fighting equally hard to preserve this area because it was a natural wildlife reserve.

These are specific things, Mr. Chairman, but if you tell us that not much can be done about controlling the provincial authorities so that they are sufficiently responsive to federal supervision then I say that our legislation is completely wrong relative to this entire project.

**Mr. Saumier:** In the case of the Interlake area, Mr. Chairman, we are dealing not with the ARDA agreement but with FRED, and the degree of control which we have over programs under a FRED agreement, such as that at Interlake, is considerably greater than we have under the other agreement. Under the Interlake agreement it is a joint process, with joint management and it is a joint implementation project.

**Mr. Smerchanski:** Mr. Chairman, I am referring to the ARDA projects that were carried out in the Interlake prior to the inception of the FRED program. Some \$8 or \$9 million were spent on drainages which were completely unnecessary and which were

political issues with the provincial government. I still say it was a waste of the taxpayer's money, Mr. Chairman.

**The Chairman:** Have you finished Mr. Sulatycky? Mr. Robinson, you are next. You indicated that perhaps Mr. McGrath had a point and we should deal with Newfoundland, or have you a line of questioning that you want to develop?

**Mr. Robinson:** I want to learn something more about the NewStart program when this gentleman is here. Perhaps he could give us a definitive statement on it.

**The Chairman:** Mr. Page, would you answer Mr. Robinson's question about NewStart, or...

**Mr. Page:** I would be happy to answer any questions you may have, sir.

**Mr. Robinson:** Could you give us a general statement on the NewStart program at the present time, bearing in mind, as I think Mr. Saumier mentioned, that it is basically to consider new methods. I must ask: New methods for what, and new approaches to what, relative to the area in which it will be carried on? Starting from that general background perhaps you could give us some indication.

**Mr. Page:** Mr. Chairman, I would undoubtedly feel more comfortable if I had before me the evidence I gave prior to Christmas so that I could repeat it verbatim, but, sir, if you will permit ad libbing, with a reasonable recall, I trust that I will be able to give a comparable statement.

**The Chairman:** Perhaps you would do it very briefly. It is all on the record as of two months ago, so we are rehashing it a bit.

#### • 1230

**Mr. Page:** There is a problem in Canada with respect to about 4.7 million people who, by any definition, are unable to participate effectively in an employment situation that will lead to anything that approaches a reasonable standard of living. These people are just not equipped because of culture, social environment and education—the whole range of personal disadvantages—to participate in any program which is even designed to help themselves.

The object of the NewStart program is to work in areas specially selected by agreement with the provinces in a completely active research context to develop methods that will



help the disadvantaged to acquire the motivation and preparation necessary for stable and rewarding employment. It is not in any way concerned with industrial development or any of these other things.

**Mr. Robinson:** Has the NewStart program in fact had anything to do with the situation in Bell Island?

**Mr. Page:** The NewStart program does not have anything to do with any area in Newfoundland.

**Mr. Robinson:** Where is it carrying out its project at the present time?

**Mr. Page:** There is a project centered in Lac la Biche, Alberta, which covers in fact almost the northeastern quadrant of Alberta and which is called Alberta NewStart Incorporated. There is a project centered in the City of Prince Albert, Saskatchewan. There is a project in Kings County, Prince Edward Island, centered in Montague. There is a project in Yarmouth County, Nova Scotia, with headquarters in Yarmouth. An agreement has been signed between the Minister and the appropriate provincial Minister in New Brunswick to establish a NewStart Corporation in Kent County, New Brunswick, and there is every likelihood there will be early signing of an agreement for an operation in an area surrounding The Pas, Manitoba.

**Mr. Robinson:** Do you have figures and information available as to how much has been spent in each of these programs and how much is projected will be spent during the lifetime of the project?

**Mr. Page:** Yes. They all have a very comparable fiscal arrangement. The initial moving in of staff, recruitment of staff and assessing of the area so that programs may be developed in preparation to mounting experimental programs in the face of specific problems is called the planning period, and funding is provided up to \$150,000. This period may take a number of months.

There is then fiscal provision for three operational years of actual experimental programs. The funding for these averages out to something less than \$1 million a year for each project. You could say it is between \$900,000 and \$1 million a year with the exception of Alberta where, because it is a completely desolate area, a little extra—another \$100,000 or so—is provided to compensate for certain capital expenditures that are not normally required in areas where a certain basic

infrastructure exists. At the end of the three-year period a wind-up is scheduled to commence and we estimate it will cost a maximum of \$500,000 per project for that. So, in essence each project will cost some \$150,000, plus a maximum of \$3 million over three years and also plus \$500,000 for wind-up. It will cost something on the underside of \$4 million per project.

**Mr. Robinson:** Could you tell us how many people are involved in the projects that are being undertaken at the present time.

**Mr. Page:** Yes. The experimental design for each project involves in the neighbourhood of 200 disadvantaged adults in varying experimental approaches to remedying their problems. They may not always be the same 200 because some folk need very little help. Often some of them just need information about what to do and perhaps a little stimulation and motivation. Others who are really hard core may be involved for a considerable period, but it is about a 200 per project through put at any one time.

**Mr. Robinson:** Do I understand correctly that this kind of program is carried on in the area and remains in the area?

• 1235

**Mr. Page:** Yes, it remains in the area. However, there is every likelihood that in certain areas the NewStart Corporation must look outside the area as the place where these people may eventually live, work and join the economy, if you will.

**Mr. Robinson:** Do you have any future plans for commencing a NewStart program in any sector of Newfoundland?

**Mr. Page:** The only answer I can put on record to that, is that in March of 1966 the Deputy Minister of the Department of Manpower and Immigration, which at that time was the Department responsible, wrote a letter to the appropriate Deputy Minister in each of the ten provinces, and made complete information on the NewStart program available to them and invited proposals on areas where NewStart operations might be established. In the following year the staff of the operation in Ottawa, which was headed by myself at that time, had useful discussions with the appropriate officials of all ten provinces, which resulted in the four that are now in operation being put forward and agreed to by our government and two that have recently been developed and agreed to, but as yet



there has been no response of a positive nature from the balance of the four provinces, including Newfoundland.

**Mr. Robinson:** Do I understand correctly that basically the NewStart program is a program to work with the people, not with the resources or lack of resources in the area.

**Mr. Page:** Yes, sir.

**Mr. Robinson:** Do I further understand correctly that in working with these people it may be necessary in rehabilitating them to move them from their present location to some other place?

**Mr. Page:** This is entirely likely in some areas.

**Mr. Robinson:** What is the situation where the people just simply refuse to move?

**Mr. Page:** This, of course, is one of the problems that NewStart was established to investigate; where people are locked into an extremely poor situation and they see no other situation to which they might relate in a more positive fashion. They may be frightened to move or to consider any alternative way of life because all they have is what they have then. Part of the NewStart operation is in this whole range of what makes human behaviour change. We are quite certain that the rather well known problems of preparation for skill training, and this sort of formal preparation, is in fact the smaller part of the NewStart problems. It is the problem of inducing people to become interested in change—which involves mobility—that is the difficult problem, and it is one with which we are having considerable success.

**Mr. Robinson:** Do you have a number of sociologists, social workers, community organizers and such professionally qualified people working within your program to help these people make the adjustment and to help them become rehabilitated?

**Mr. Page:** Yes, sir. There are three levels of technical help available. The first level is a technical support centre which works out of Ottawa—and it works out of Ottawa a good deal of the time—which is made up of psychologists, sociologists, adult basic educators, vocational educators, community relations people, the whole range of the human and social sciences. Secondly, on the staff of each NewStart Corporation specialists are recruited as required and as available. Availability

is a rather significant factor here. Thirdly, there is provision for contracting for outside professional help where there are specific identifiable problems and the existing staff in Ottawa and the corporation still requires added professional input.

**Mr. Robinson:** Do you see any way in which The Company of Young Canadians could get involved in the NewStart program?

**Mr. McGrath:** Oh no, not that.

**Mr. Lundrigan:** Mr. Chairman, as the Chairman of the Standing Committee you sent out a circular before Christmas which contained a lot of pertinent information. I would like to commend through you the reading of this by the gentleman who is asking the questions because every bit of this information is contained in there.

**The Chairman:** I think that is probably a good suggestion, Mr. Lundrigan.

• 1240

**Mr. Smerchanski:** Mr. Chairman, a supplementary. Who are the Directors of the NewStart Corporation and are they appointed by the province or by the federal government?

**Mr. Page:** By the federal government as well.

**Mr. Smerchanski:** Oh, good.

**Mr. Lundrigan:** Mr. Chairman, may I ask an important supplementary on a matter which I raised much earlier. Dr. Weeks wanted to...

**Mr. Robinson:** I asked a question of this gentleman and I was rudely interrupted by Mr. Lundrigan. I would appreciate it if he would keep his mouth shut until the gentleman answers my question. If he then wants to take over I will bow to him. I will let him take over.

**Mr. Lundrigan:** On a point of order. I asked Dr. Weeks a question about half an hour ago and I believe this is the reason Mr. Page came back to the Committee. I was not being rude, I just felt it was in order to point out that some of this material could be read by the person asking the question because every single bit of it is in there. Obviously he has not even read it.

**Mr. Robinson:** I will accept your apology then.

**The Chairman:** Mr. Lundrigan, he has accepted your apology. I know that you have also been patiently waiting to ask questions.

**Mr. McGrath:** I think Mr. Robinson should apologize for the very unparliamentary language he used.

**Mr. Robinson:** That is all right. I will accept that.

**Mr. Smerchanski:** He has apologized; let us leave it at that.

**The Chairman:** Let us not get into an argument about that, please, because we want to get back to Mr. McGrath as fast as we can. Mr. Robinson, have you finished or do you have some more questions?

**Mr. Robinson:** I had one further question but to go back, is there any way in which The Company of Young Canadians could be involved in NewStart?

**Mr. Page:** Mr. Chairman, this question has been reviewed in a general way on a number of occasions but as yet there seems to be no practical relationship that might be involved.

**The Chairman:** Have you finished, Mr. Robinson? Mr. Lundrigan.

**Mr. Lundrigan:** I am not going to try to compete with Mr. Robinson for rudeness so I will just go right into my questioning.

**Mr. Robinson:** That remark was unnecessary.

**Mr. Lundrigan:** Mr. Chairman, this is a supplementary question. I am not presuming to take the floor now because other people could have raised their hands before I did.

**The Chairman:** It is your turn, Mr. Lundrigan.

**Mr. Lundrigan:** What special arrangements does the Province of Newfoundland have with Manpower which, according to the provincial premier, makes it more beneficial for them to stay with that department than to go to NewStart? I have already raised this question with Dr. Weeks.

**Dr. Weeks:** I am suggesting that perhaps Mr. Page could comment on this, having gone into this matter of Newfoundland before.

**Mr. Page:** Mr. Chairman, if I interpret the question correctly, is there a statement by someone that it is better for unemployed people to participate in OTA and in the benefits of replacement income allowance under OTA?

**Mr. Lundrigan:** Let me give you just a little background on this. Several weeks ago during a speaking tour of Newfoundland I had occasions to try to push the idea of NewStart. The reaction from the Premier was that they do not want NewStart at all even though it sounds like a good concept because they have a better arrangement with Canada Manpower. This is why I am wondering what the better arrangement is because this seems to be a very attractive program, especially for areas such as Bell Island, Fogo Island and various other places where there is a great amount of depression.

**Mr. Page:** I think, sir, there is a very clear answer to this question, and it is simply this. As I said in an earlier reply to a question, sir, the Department of Manpower and Immigration did in fact conceive of and launch the Canada NewStart program for the very reason that there were considerable numbers of Canadians who could not participate because of their problems in connection with the existing services, including retraining under OTA. For many reasons his people were not ready to become involved in OTA. For example functionally illiterate people cannot go to a trade school, this kind of thing. It was precisely because there were many people in Canada who could not participate in OTA that NewStart was founded, and if we did not have these problems of relating people to existing services NewStart would not be necessary. So, we are talking about two different kinds of people.

**Mr. Lundrigan:** Mr. Chairman, my question was why is the province not accepting NewStart? They claim they have a better arrangement and I want to know what the better arrangement is.

**Mr. Page:** Sir, I have no...

**Mr. Honey:** Mr. Chairman, on a point of order. Would that not really be a decision of the province? I do not think it is fair to ask the witness to comment on that.

• 1245

**Mr. Lundrigan:** Then the witness can say so.

**Mr. Honey:** It is not within the competency of the Department.

**Mr. Page:** This is what the witness was going to say. I have no knowledge of the provincial reasoning for this, sir. I do know that people who are not able to participate in



occupational training of adults under the arrangements made with the Department of Manpower and Immigration receive a certain replacement income based on scales which are public knowledge.

**Mr. Lundrigan:** Mr. Chairman, my question is to Mr. Saumier. I was a little bit perturbed to hear the original statement about the reason why the plans for the west coast of the Province of Newfoundland did not materialize, not because they did not materialize but because of the reason given, that there were certain great insurmountable difficulties and the problem of transferring the rural problem to an urban area, and that the great insurmountable problem of financing any such project, especially in consideration of the present financial conditions of the Province of Newfoundland, made the complexities so great that it was just about impossible and that a new look would have to be taken.

The Minister has indicated that the Province will receive a special program. I am wondering, first, when we can expect some kind of a pronouncement as to the nature of this program, and secondly, when you take the whole Province, including all of Labrador, which is 108,000 square miles more than the island of 42,000 square miles—that makes 150,000 square miles of land—which quadruplicates, if you want, the problem which is insurmountable already on the west coast, what kinds of input will have to be conceived and what kinds of general programs will make it feasible for the federal government to get involved. It seems to me that the reason given for the staying of the decision on the west coast, if you want, or holding this in abeyance, if you want, is going to be even more difficult when you look at the whole area. So can we have a reaction as to what other kinds of thinking the gentlemen have in mind which will make it feasible for the federal government to be able to launch a special program for the whole area?

**Mr. Saumier:** Mr. Chairman, this is a complex question and I do not think I can give a simple answer to it. There were basically two limitations under which we laboured, if I may use this expression, under the FRED Act. The first one was that we had to deal with the rural areas. That was one difficulty. For example, within the FRED Act, the FRED concept, we could not really get involved in anything, say, for St. John's or Halifax; and yet, clearly in the case of Nova Scotia, for instance, it is very difficult to con-

ceive of a plan for the future of Nova Scotia which does not take what happens in other sections into account. That was one limitation.

The second limitation was that we had to have a comprehensive plan. This may appear on the surface as not being a limitation at all but in fact in certain particular circumstances it can be a limitation since it means that we have to be in a position, as it were, to resolve all the problems at the same time and within an integrated framework. When you are confronted with very severe, complicated, difficult and intractable problems, it may be much easier, and indeed more adequate, to take them one after the other than to try to evolve a comprehensive framework within which all the complicated inter-relationships have to be analyzed and taken into account. So under the new departmental legislation these limitations have been removed. We are no longer limited to rural areas and we can think in terms of much more specific plans, either on a smaller scale areawise or on a smaller scale sectorwise. So we have a much more flexible approach.

Indeed what we are now looking at for Newfoundland is not a comprehensive plans of the Prince Edward Island type where we really try to grapple with all the main outstanding issues, but something which would be much more flexible and could be accommodated to objectives and changes as circumstances and events call for.

• 1250

**Mr. Lundrigan:** Thank you. That is a very, very good answer, Mr. Chairman, to a fairly complicated question because I think it encompasses the whole problem. I wonder if Mr. Saumier could indicate to me whether the resettlement of people from a lot of these small communities is going to be one of the major approaches to the solution of the problem? You have talked about the great dispersity of the population along the northwest coast and the northeast coast and the whole south coast of Newfoundland. Is resettlement one of the major things that people will have to accept, in your opinion?

**Mr. Saumier:** The problem of resettlement has three aspects to it. The first one is that it is an ongoing program. It has been going on for some 30 years, as I recall, with some acceleration in the last three or four years, so to me it would be somewhat unrealistic to expect that this program could be brought to an abrupt halt. The second one is that resettlement—and I will bring the other two points



in at the same time—resettlement has two aspects. One aspect, and one which may have some importance in the present situation, is to try to reduce public expenses though maintaining and servicing a large number of isolated communities. This is an exceedingly expensive operation...

**Mr. McGrath:** So is Canada.

**Mr. Saumier:** That is right. It is an exceedingly expensive operation when you have to provide these people with schools, with medical services, with facilities such as post offices and you have to ensure that the communication links with other parts of the country remain, and this is true of Newfoundland. It is a very expensive operation and it imposes a very severe burden on the budget of Newfoundland. This has been repeated time and again by Mr. Smallwood and a number of ministers from Newfoundland and other parts of Canada. However, this, to my mind, although being a point not without some meaning at the present moment, is not the paramount one. The paramount one is that it is really impossible to provide an adequate level of services to these very isolated communities. In other words, if you have a community of 50 people living in the northern part of the great northern peninsula, it is very difficult to provide these people and their children with good schools, good hospital facilities, good medical facilities, good social services and so forth. And the consequence of this is that the situation of the people who live in these remote settlements deteriorates as we go along, because we know that the demands of the modern world call for a high degree of education, call for a high degree of health and so forth. So that irrespective of the financial burden involved in maintaining these isolated communities it is detrimental to the people of these communities themselves to stay in this, in what at times, as you know better than I do, are very primitive conditions. The real question is: there is really little point in moving these people from a remote community where they have been living for a number of years and where they live a life of some dignity...

**Mr. McGrath:** A great deal of dignity.

**Mr. Saumier:** That is right. And put them in an environment where they will be completely destitute. As I said earlier, there is no point in exporting rural poverty with dignity into urban poverty with indignity, and this is the root of the problem. In my estima-

tion, there has to be a very careful analysis made as to exactly what we can offer the people who are resettled after they have left the place where they have been living for 50 years, 100 years, 200 years.

**Mr. Lundrigan:** Mr. Chairman, I was very impressed with the witness' statement and his conceptualization, if I may use that phrase again, of the problem. I have many other questions relating to when we can expect some kind of start. What about ongoing projects? Dr. Weeks, for example, talked about the involvement in research and education, which I hope will not be brought to a halt with the abandonment of the ADB. There are innumerable questions that I want to ask but there are other members who also have important questions so I will pass.

**The Chairman:** Thank you, Mr. Lundrigan. Mr. McGrath, do you wish to carry on?

**Mr. McGrath:** You are very kind, Mr. Chairman, to remember me.

**The Chairman:** I try to be fair.

**Mr. McGrath:** You are very fair too. Thank you.

**The Chairman:** If Mr. La Salle is present—excuse me. To be fair to Mr. La Salle because he is still waiting, where is Mr. La Salle?

**Mr. McGrath:** Mr. Chairman, I was asking the witness a question, when you felt constrained to interrupt me, regarding the urgency of the situation in Newfoundland and, indeed, in the Atlantic Provinces—urgency highlighted by the very serious difficulties, for example, in which the Government of New Brunswick find themselves today. The Government of Newfoundland is just one step away from a probably more serious situation.

•1255

It would then appear to me that some sort of massive crash program is required. I think the Prime Minister during the course of the election campaign said a "Marshall Plan" type of aid.

**Mr. Chairman,** with your indulgence, I am making this an observation and perhaps incorporating it in the question. It would appear to me as a layman that what has to be done is very obvious. I do not need a computer to tell me, for example, that in the Province of Newfoundland you can develop a great deal of employment by creating or encouraging a sawmill industry. Here we are with these vast timber resources in Newfoundland; yet we have to bring in lumber to

build houses. That is a paradox to me. In agriculture we are agriculturally deficient; yet this very west coast area that we are talking about could be developed into an area for growing root crops to provide at least our own needs. In the area of home industries, for example, initiative could be applied here to encourage home-type industries. A great deal could be done in the area of fishing. In other words the people can be made self-sustaining, and I do not think you need a computer to tell you that.

What I am afraid of in this new Department, with great respect to you, sir, is that we are going to be the victims of overplanning. We are already overstudied and I suspect we are going to be the victims of overplanning because everything has to be put into a nice little fancy package like the P.E.I. plan, which probably is the product of this same big computer. I guess we will all be computerized before this century is out. But anyway this is what bothers me.

A very simple thing, for example, would be amending the Canada Assistance Plan so that the federal welfare payments going to the Province of Newfoundland, conditional on those payments being paid to people who are not allowed to work, could be directed into self-help projects. The people who are on relief—let them go out and clean up their streets or clean up their communities. Tourism, for example, can be encouraged. I put it to you that surely with all the expertise of your Department this is an area in which you can move on right away. And I ask you: why must we now embark upon another study to try to come up with an over-all plan when the need is so urgent, in my view?

**Mr. Saumier:** Mr. Chairman, I think my first comment should be to state emphatically that problems are not resolved by plans; they are resolved by action.

**Mr. McGrath:** Right.

**Mr. Saumier:** A planning exercise is not an answer to the problems of Newfoundland or to any problem, the answer is action. Then, given that financial resources available are of necessity limited under any circumstances—whether they are severely limited or not severely limited may change but the limita-

tion is there—the question is: what is the best possible use you can make of these financial resources.

In any kind of development there is an equation or an equilibrium to be arrived at between existing resources, possible resources—we are talking about physical resources or locational resources—human resources and financial resources. A very clear instance of this is the building of the Churchill Falls dam. It is surprising to find out how few people from Newfoundland are working on this site; yet this is a multimillion dollar project. The number of people from Newfoundland working on the site is very low. Why is this? Not because the money is not there because I gather the cost of this whole project will be \$700 million. Yet obviously the way things look now it will have a very small impact on the economy of Newfoundland and on the income of Newfoundland, at least on that of a number of people. Why? Because people for a number of reasons are either incapable of working in the Churchill Falls area or are unwilling to do so.

Again you mentioned fisheries. We know, for example, what are the difficulties of the fishing situation in Newfoundland. A proposal to increase fish production, to put more cod on the market in the present circumstances would be one that would be very difficult to defend because the government has now to resort to extraordinary means to ensure the survival of the fishing sector. So, as I say, we need some kind of coherent framework to be sure that by doing something we do not aggravate problems elsewhere and vice versa. By setting up a different kind of industry you do not clear the situation which in 10 years'

#### • 1300

time may cause more problems than the problems we are trying to solve now. There is no point in trying to set up in Newfoundland industries which in five years' time will be bankrupt and require massive subsidy. We have had this experience across Canada a number of times, in the Maritimes particularly.

**Mr. McGrath:** You do not need massive subsidies to set up the type of industry which is so obviously needed which can be sustained by the local economy. This is what I am



talking about. But you made a reference there to Churchill Falls which I cannot let go by unchallenged, that the Newfoundlanders are not prepared to work in Churchill Falls. We can show you hundreds and hundreds and hundreds of applications of people from Newfoundland who want to get work in Churchill Falls. The fact remains that they are being discriminated against by the contractors in Churchill Falls, who are usually French Canadian. This is an unfortunate fact of life, but it is a fact. Our people cannot get work there because they cannot speak French and their French-Canadian foreman would prefer to have people working under him who can speak his language. That is the main problem. It is a problem that is under study right now by the Legislature of Newfoundland. But our people want to go to work there, they desperately would like to go to work there if they can get jobs. So I would like to correct the impression that you created.

**Mr. Saumier:** Sir, I can give you a number of other instances of massive development projects which have not been of benefit to the local population.

**Mr. McGrath:** I know this is what you are trying to convey but, unfortunately, you created the impression that our people did not want to go to work there. I just want to correct the record and to say that this is not so. I agree with everything you say other than that.

Mr. Chairman, I see that it is after one o'clock and even Parliamentarians have to eat.

**Mr. Smerchanski:** I have a supplementary, Mr. Chairman. I think that Mr. Saumier has been misunderstood. I think what he meant was that there are certain highly specialized requirements of labour in the Churchill power development that cannot be filled by ordinary labour, and I think that this is the problem—

**Mr. McGrath:** No, no. . .

**The Chairman:** I think Mr. Saumier was reasonably clear on what he said, I think Mr. McGrath's point was well taken, and I think that you have cleared it for the record. It is pretty straight.

**Mr. McGrath:** Are you going to adjourn, Mr. Chairman?

**The Chairman:** I would like to finish today, if we can. I do feel, however, that there are members who still would like to proceed with their questions. Would you like to come back this afternoon, if it can be arranged? If there are specific areas that you are interested in I would prefer to call specific witnesses for next Tuesday.

**Mr. Robinson:** Mr. Chairman, are you talking about completing Vote 10?

**The Chairman:** No, I think we are to the point now, Mr. Robinson, that we will look to Tuesday to complete it.

I would like to get an opinion from the Committee on what they would like to take up next Tuesday.

**Mr. Korchinski:** I have a few questions on NewStart but I do not expect that it will take too long.

**The Chairman:** Well could we finish up perhaps in the next 25 minutes?

**Mr. McGrath:** You are going to have to try and get along without me, Mr. Chairman?

**The Chairman:** I know, and it will be very difficult.

Mr. La Salle, would you like to ask a question?

[*Interpretation*]

**Mr. La Salle:** If you'd like to finish right now, I can wait.

[*English*]

**The Chairman:** Why do we not meet then about 3 o'clock this afternoon?

**Mr. Lundrigan:** On that point, Mr. Chairman, there are other committees and I think a number of members have obligations to attend those as well. Because members still have a number of interesting questions to put to these experts in their field, the answers to which would enlighten us, and because this is perhaps the most important department of government—I am not thinking of Newfoundland only but all of Canada—as far as the general impact on regional disparity across the whole nation is concerned, would it



not be advisable to reconvene at a later time to hear the views of the witnesses who are expertise in these matters.

**The Chairman:** I do not think that we are going to be able to work it in today because there is a pretty full slate. Let us now look to Tuesday. Mr. Korchinski has mentioned New-Start, so we will have Mr. Page back.

• 1305

**Mr. Marshall:** We leave on Tuesday, Mr. Chairman.

**The Chairman:** Have they finally decided that we are going to leave this week.

**Mr. Lundrigan:** It looks very good.

**The Chairman:** I think probably we might adjourn then. If we do not come back on Tuesday, I wish you all a very Happy Easter. We will look forward to getting together as soon as the Easter break is through. Thank you, gentlemen.

The meeting adjourned.

---







HOUSE OF COMMONS

First Session—Twenty-eighth Parliament

1968-69

---

STANDING COMMITTEE

ON

REGIONAL DEVELOPMENT

*Chairman:* Mr. JOHN MORISON

---

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 11

---

TUESDAY, APRIL 1, 1969

---

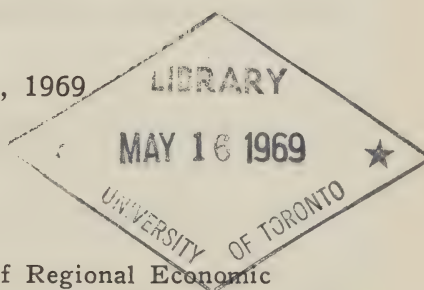
Estimates (1969-70) of the Department of Regional Economic  
Expansion.

---

WITNESS:

*(See Minutes of Proceedings)*

THE QUEEN'S PRINTER, OTTAWA, 1969



## STANDING COMMITTEE ON REGIONAL DEVELOPMENT

*Chairman:* Mr. John Morison

*Vice-Chairman:* Mr. Alexandre Cyr

and

Mr. Blouin,  
Mr. Broadbent,  
Mr. Comtois,  
Mr. Gauthier,  
Mr. Honey,  
Mr. La Salle,

Mr. Lundrigan,  
Mr. MacDonald (*Egmont*),  
<sup>1</sup>Mr. MacLean,  
<sup>2</sup>Mr. Macquarrie,  
Mr. McGrath,  
Mr. Nystrom,

Mr. Robinson,  
Mr. Roy (*Laval*),  
Mr. Serré,  
Mr. Smerchanski,  
Mr. Sulatycky,  
Mr. Whiting—(20).

(Quorum 11)

Pursuant to S. O. 65 (4) (b) -

<sup>1</sup> Replaced Mr. Horner on April 1, 1969.

<sup>2</sup> Replaced Mr. Korchinski on April 1, 1969.

Fernand Despatie,  
*Acting Clerk of the Committee.*

[Text]

## MINUTES OF PROCEEDINGS

Tuesday, April 1, 1969.  
(11)

The Standing Committee on Regional Development met at 9.45 a.m. this day. The Chairman, Mr. Morison, presided.

*Members present:* Messrs. Blouin, Broadbent, Cyr, Gauthier, Honey, La Salle, Lundrigan, MacDonald (*Egmont*), MacLean, McGrath, Morison, Roy (*Laval*), Whiting—(13).

*Also present:* Mr. Carter, M.P.

*Witness:* Mr. A. Saumier, Assistant Deputy Minister of Rural Development, Department of Forestry and Rural Development.

The Committee resumed consideration of Item 1 — Administration, Operation and Maintenance of the 1969-70 Estimates relating to Regional Economic Expansion.

Mr. Saumier gave a broad outline of the Development Plan for Prince Edward Island, and was examined thereon.

Item 1 was allowed to stand.

The Chairman called Item 5 — Construction or Acquisition of Buildings, Works, Land and Equipment, etc. — \$10,289,000. *Item 5 was carried.*

Item 10 — Grants as detailed in the Estimates and contributions, etc. — \$152,956,500 was called. *Item 10 was carried.*

Item L120 — Advances in accordance with agreements entered into pursuant to the Atlantic Provinces Power Development Act — \$35,174,000 was called. *Item L120 was carried.*

Item L125 — Loans in accordance with a development agreement to be entered into with the Province of Prince Edward Island — \$7,623,000 was called. *Item L125 was carried.*

Item L130 — Loans in accordance with agreements entered into or to be entered into with the Provinces for the development of infrastructures — \$7,000,000 was called. *Item L130 was carried.*



The examination of the witness was resumed. Mr. Saumier undertook to supply the Committee with information requested by Messrs. Lundrigan and MacDonald (*Egmont*).

At 12.10 p.m., the questioning continuing, the Committee adjourned to the call of the Chair.

Fernand Despatie,  
*Acting Clerk of the Committee.*

## EVIDENCE

*(Recorded by electronic apparatus)*

Tuesday, April 1, 1969.

● 0947

**The Chairman:** Gentlemen, I see a quorum. It was suggested by the steering committee, particularly by Mr. MacDonald, that we study the development plan for Prince Edward Island this morning in particular, and then finish with any of the other general questions that you may have so we can vote on Votes 5 and 10 and Loans 120, 125 and 130 this morning. If we do this we will have pretty well cleared the field for DEVCO after we get back after the recess, and if after the DEVCO hearing we are prepared to close the estimates we will vote on Vote 1.

If there are any questions after DEVCO or any of the members of the Committee feel that they would like to have another session we will try to work one in before the end of the month and then close Vote 1.

After the meeting last Thursday it was generally agreed that Mr. Saumier would come back to clear up any questions you may have on ARDA or any of the other programs that were not satisfied and also to explain to us the federal-provincial agreement concerning P.E.I. To back up Mr. Saumier we have Mr. August with us this morning, and if there are no immediate questions I will turn the meeting over to you, Mr. Saumier, if you would like to make an opening statement.

**Mr. A Saumier (Assistant Deputy Minister, Rural Development, Department of Forestry and Rural Development):** I do not think so, Mr. Chairman.

**The Chairman:** In that case, gentlemen, the wittnesses are yours to do with as you wish.

**Mr. Lundrigan:** At the present moment are we on the P.E.I. plan?

**The Chairman:** Yes; Mr. Saumier is here to answer questions.

**Mr. McGrath:** We would like to have a sort of general explanation of it.

**Mr. Saumier:** Mr. Chairman, I have here a brief statement which was really prepared as background

notes on the P.E.I. plan to be handed to those people who attended the signing of the plan without having had the opportunity to read this rather bulky and formidable looking document which I would be pleased to make available to members of the Committee. If you wish I could have these brought here in quantities within a few minutes.

● 0950

I can say, Mr. Chairman, in essence that the P.E.I. plan is unique in North America and, indeed, in the western world as far as we know. I am aware that this may sound a bit bombastic, but at the same time I think it is worth saying that. It is certainly unique in Canada, because it is the only development land we have which covers a whole province, and which not only covers a whole province but which also deals with most of the aspects of the economic and social life of that province. If I begin, Mr. Chairman, to wax too enthusiastic I trust that you will . . .

**The Chairman:** I will be the first one to do it, Mr. Saumier.

**Mr. Saumier:** You will bring me down to earth again. The main problem that confronted those who tried to prepare work on the P.E.I. plan was not so much the problem of what could be done with the economy of the Island, since the economy of the Island does not present any very considerable or difficult problems. It is a simple economy centred essentially on agriculture, tourism and some fishing.

It is an economy which, as I said, is simple to understand. The resources are fairly clear, the links between that economy and the mainland are also of a simple nature, so that from an economic point of view what could be done with these resources, as I said, did not present any overwhelming problem. At the same time there were two approaches which could be taken in the development of the resources of the Island. The first approach was possibly to force the development of the Island. By the word "force" I do not mean to force it in the military sense, but to take such steps as would cause a development of the Island to be done essentially at a very rapid pace by people coming from outside the Island economy. This could have been done very

readily by mounting for the development of the P.E.I. economy particularly its agriculture, a fairly massive subsidy program which would have attracted entrepreneurs from outside the Island—Canadians from outside the Island, or Americans or people from any other country. That was one approach which would undoubtedly have yielded quick and spectacular results.

The other approach was a bit different and aimed at taking such steps as would make it possible for the people of the Island to organize themselves in order to be able to explore the resources of the Island themselves. We selected the second approach, and when I say "we" I should stress that this was basically a joint federal-provincial decision. Having selected the second approach, which admittedly is much more difficult, less spectacular and likely to be more time-consuming, it then became a problem to organize the social structure of the Island in such a way as to make it possible for the people living in P.E.I. to take the advantages which might accrue to them from exploiting the vast, and in some cases very much untapped, resources of the island.

This meant, for example, the fostering on the island of a stronger and much more effective government system. This meant the fostering on the Island of a much more effective, stronger education system. It meant fostering on the island the creation of a network of co-operative and other private institutions which would make it possible, as I said, for the inhabitants of P.E.I. to develop their own resources, rather than see them developed by others. This is why, when you have a chance to look at the P.E.I. plan, you will find that it is indeed a very comprehensive agreement, touching upon government's reorganization, social reorganization in social infrastructures, as much as it touches upon economic development in the classical sense of the term. As I indicated earlier, Mr. Chairman, the basic reason behind that choice was that we wanted to make it possible for the economy of the island to be developed to the fullest extent possible by Islanders themselves as opposed to being developed by people coming from outside.

● 0955

Mr. Chairman, at this point I could become very technical. I have tried to indicate to you and to the members of the Committee the basic philosophy underlying the P.E.I. development plan and I would be glad indeed to answer specific questions on the plan.

**The Chairman:** Thank you very much, Mr. Saumier. Mr. MacLean, would you like to lead off the questioning?

**Mr. MacLean:** I want to ask the witness how the cost sharing of the plan was arrived at. It seemed to

me that the fundamental problem of Prince Edward Island, and many other areas whose economy is based largely on agriculture, is that over the years agriculture has increased its productivity at a much greater rate than any other section of the economy. Agriculture is a highly competitive industry, much more so than any other segment of the Canadian industry. Over the last 20 years or so the productivity of agriculture has increased tremendously compared to any other segment of the economy, which would lead one to think that Canadians generally are more interested in cheap food than in anything else. Nobody worries particularly about the efficiency of machinery or the pay levels in manufacturing industries. My memory of the statistics is that the average Canadian farmer works at a rate of about 40 cents an hour, or something like that, after making allowance for his investment and that kind of thing. To me, it seems that the basic problem is ensuring a reasonable return to agriculture for their products. If that problem could be solved Prince Edward Island and any other area whose economy is based primarily on agriculture could solve its own problems.

The plan is an imaginative one in my mind, but I am just wondering how the cost sharing was arrived at and whether the share of the total cost of the plan over the years, which is to be borne by the provincial government, is realistic, and whether it has been anticipated that the economy of the Island will improve so rapidly that it will be able to bear its share of the cost. I would like some comment as to how the cost-sharing of these programs was arrived at.

**Mr. Saumier:** In answer to the first question, Mr. Chairman, there is no pre-arranged or pre-deter-

● 1000

mined formula underlying any of the FRED plans, and this includes the P.E.I. plan, whereby we arrive at the cost share. The cost as a whole, and the cost sharing for the various sectors are negotiated individually. The rule we follow, which, as you will see, is a rough and ready one, is that the magnitude of the cost share should in essence reflect what we might call the centrality or the importance of any given sector of a plan. We might visualize a situation, for example, where within the ambit of the FRED plan the province is very insistent on a project which the federal negotiators believe is not very critical to the success of the plan. In a case like this the project may still be included in the plan while the federal cost share will be very small. At the same time, if a project is exceedingly important to the success of the plan then the cost share will be correspondingly higher. So that to answer the first question, Mr. Chairman, there was no pre-ordained method or formula which was used in negotiating the cost share



of the agricultural sector for the P.E.I. plan nor indeed for any other cost share in any other FRED plan.

The second question, whether the financial capability of P.E.I. will enable it to pay its part of the cost of the plan, is a very fundamental one and I would like to assure you, Mr. Chairman, that this is one question at which we have looked with extreme care both in Ottawa and, as you can readily appreciate, on the Island as well. It would not be realistic to say that the burden which the province has accepted for itself is light. It is a heavy burden. It is a burden which will require, undoubtedly, some reorganization of the Island's tax-collecting machinery. And indeed we provide in the plan the means whereby this kind of reorganization can be achieved. At the same time, we believe that our projections, while tight, are none the less realistic and that it is entirely within the fiscal capacity of the province to contribute its share of the economic plan which is envisioned under the agreement as it stands today. As I said, this is one point in which we went very carefully because obviously if the province is not capable of paying its share of the plan, then this whole document is merely a piece of paper which will collapse under its own weight or otherwise will not reach the objectives which we jointly hope that it will be possible to reach under the agreement.

**Mr. MacLean:** My second question is just a variation, perhaps, of the one I have already asked. Over the years the poor provinces have been in a very unsatisfactory position with regard to cost sharing plans. They cannot afford them, really, and they cannot afford not to go into them. Medicare is a case in point as far as Prince Edward Island is concerned. In other words, something you cannot afford is not a bargain at any price, and I have some reservations about the practicability of the province's being able to carry its share of the load—unless agricultural prices become a little more rewarding. I think this is the key to the whole thing, as far as we are concerned.

**Mr. Saumier:** Yes, Mr. Chairman, there is underlying the plan the assumption that the plan will in fact be effective, and that being effective it will make it possible for the province to obtain revenues which will be needed for the province to finance its share of the plan. Obviously, if a major sector of the Island economy goes into a state of collapse of any kind and for whatever reason, it will obviously jeopardize the financial structure of the plan itself.

● 1005

**Mr. MacLean:** Now a final question. How firmly is the provincial government locked into this plan? We

have a situation where there are guidelines set out specifically for seven years in the first instance, I believe, and then fifteen all together, where, because the federal government is contributing fairly heavily to this plan, certain requirements have to be met which are specified by the federal government. From the point of view of the federal government that is no doubt fair enough, but in reality are you not tremendously downgrading the role of the provincial government's self-determination as far as Prince Edward Island is concerned and, in fact, creating almost a camouflaged system of commission government where the limitations of action that are placed on the provincial government are infinitely greater than they are in a province like Ontario or Quebec?

**Mr. McGrath:** May I supplement this? It is a good question because the witness in his summation of the plan made reference to fostering much more effective government systems, and perhaps in answering Mr. MacLean you might also explain what you meant by that as well.

**Mr. Saumier:** Well, Mr. Chairman, I think one can answer that question in three ways. First of all, the liberty of action of any government which finds itself in a difficult financial situation is by nature exceedingly limited. More often than not it is limited in a way which is detrimental to the government because they have to resolve very short-term problems, often at the expense of resolving more serious and more meaningful long-term problems.

The second way undoubtedly applies to the case of the P.E.I. government now. What the agreement tries to do is to provide a blueprint whereby while resolving immediate problems, long-term ones will not be lost sight of, and indeed, the resolution of the short-term problems will be such as to make it possible to arrive at long-term solutions at the same time. The second way of answering that is to say that there is indeed a considerable amount of flexibility in the agreement as it stands now.

I have had an opportunity to comment in earlier meetings of this Committee, Mr. Chairman, on the choice, or at least on one of the choices which confront any planners when it comes to drafting and negotiating an agreement of the P.E.I. type. We have basically two choices. One is to arrive at a very broad document which indicates broad directions but does not get down to specific details. The other one is to produce a document which indeed does provide broad directions but which is also much more precise as to details.

The advantage of the first solution is that it provides, if you want it, a maximum degree of flexibility. Similarly, the second solution provides less flexibility. On the other hand, if we follow the

second solution, which is indeed the one we took for P. E. I., this means that problems of setting the plan in motion are much less complex because there has been agreement between the two governments before the agreement is signed as to exactly what has to be done almost from the day the agreement is signed. In other words, there is no need to set up more research programs or more analysis programs to determine exactly how a given objective will in fact be reached, which is the case, for example, in the Gaspé agreement where the plan talks much more about broad concepts than about a precise program. And I would like to stress here the fact that this plan has not been imposed on the provincial government by bureaucratic fiat coming from Ottawa.

● 1010

We have followed the objective just mentioned, and we have followed it not only in words, but in deeds. The Department of Forestry and Rural Development financed a substantial share of the preliminary research which in essence was done by contractors who were working for the province and then almost completely financed the creation in P.E.I. of a provincial Crown corporation whose prime purpose was to do most of the detail work which was required for the preparation of the agreement. Then, as was mentioned, under the agreement we tried to foster a more effective kind of government and always, you must realize, with the same objective in mind, the same basic philosophy, that even from the federal point of view what is needed in P.E.I. is a strong and effective provincial government, if only because of the fact that the federal government is going to make available very large sums of money indeed to P.E.I. and it is within the responsibility of the federal government to see to it that these large sums of money will be handled by the P.E.I. government in a most effective fashion, and for this to be done there must obviously be a strong, well organized and responsive provincial government in P.E.I.

So, far from a plan to transform the P.E.I. government into a ward of the federal government, we are trying to create exactly the opposite situation where in P.E.I. there will be a provincial government and also a system of municipal government which will be able to discuss their affairs with Ottawa in a meaningful fashion, which will have its own very well qualified manpower and very well qualified experts so that they will be able to grapple with their problems in the way which seems best to themselves. I again stress the fact that we are not trying in any way, shape or form, in a disguised or undisguised manner, to turn the P.E.I. government into a puppet of the federal government. It is just the opposite; it is to take steps to see that the provincial responsibility

of the P.E.I. government becomes real, as opposed to being only a paper responsibility throughout this whole exercise.

**Mr. MacLean:** Mr. Chairman, if I may just ask one final question. I had not intended to ask anything further, but perhaps I might be allowed one more question.

I consider most people from the Atlantic Provinces to be fairly reasonable and long suffering and yet I sense considerable resentment toward other parts of Canada for reasons which do not seem to be appreciated in other parts of Canada, and in central Canada particularly. The people in the Atlantic Provinces feel that historically and traditionally and practically ever since Confederation the national policy has been such that the cards have been stacked against the people in the Atlantic Provinces. For example, in any of the Atlantic Provinces most of their exports are sold on the world markets—whether it be minerals, paper from Newfoundland or even potatoes from Prince Edward Island—whereas by the very nature of national policy the Atlantic Provinces are a captive market for manufactured goods from central Canada. You have a situation where the Atlantic Provinces are continually selling on world markets and buying on a protected market, and hand in hand with this there has been the development of a centralization of many of the economic aspects of the country.

Let us take life insurance companies as an illustration. I suppose there are millions of dollars a year, certainly thousands of dollars a week, drained off from the economy of the Atlantic Provinces in the form of insurance premiums which go to head offices

● 1015

in Quebec and Ontario—chiefly Ontario—where there is an accumulation of capital from this process, and by the very nature of things the people charged with the responsibility of the investment of this capital usually never think of looking back and investing a considerable amount of this capital in the Atlantic Provinces. In other words, if you consider us in terms of a separate country, we have a chronic unfavorable balance of trade and this seems to be the situation we have been labouring under for many years. To add insult to injury, we are now being looked upon as some underdeveloped area, such as people in some obscure Pacific island might be, and we are being told that this is all being done for us by the central government and therefore they have a right to remove, in a sense, from the government of the Atlantic Provinces—in this case Prince Edward Island—a fair amount of self-determination and authority in their own field because of the unfavorable economic situation in which they find themselves. I believe that as long as this feeling remains it is going to be difficult to make any plan work satisfactorily



because the motivation for the implementation and the success of the plan in the final analysis has to be at the grass roots, in my judgment, and in this case it has to be made to work by the enthusiasm and the conviction on the part of the man on the farm that he is getting a fair shake and that this is going to be beneficial to him and that his welfare is first in mind and that the economy in which he finds himself is not just being manipulated to be a cheap source of food or a good place for wealthy people to spend a pleasant vacation—this sort of attitude. There is a strong feeling that certainly the people who settled the place—in some cases a couple of hundred years ago—that their welfare and their right as individuals to live a satisfactorily fulfilling life in a reasonable economy should be the prime consideration. There is some skepticism and a feeling that this is not the approach that is represented by the plan.

**The Chairman:** Thank you very much, Mr. MacLean, for those remarks. It is a new slant and one that I had not heard before. I think the Committee will appreciate it and probably will bear it in mind when we go into the Maritimes. I think you have brought up a very valid and important question. Have you finished?

**Mr. MacLean:** Yes.

**The Chairman:** Mr. McGrath.

**Mr. McGrath:** I defer to Mr. MacDonald, Mr. Chairman, because he has a special interest in this matter, although this is not to say that we are not interested.

**The Chairman:** I understand. Thank you, Mr. McGrath.

**Mr. MacDonald (Egmont):** Thank you, Mr. Chairman. If I may follow up on the comments made by Angus MacLean. I think it perhaps comes as no great surprise to Mr. Saumier and possibly other people in the Department that there is something that has disturbed me about the development of this whole plan, and this really goes back to the very beginning when the initial surveys were being done. There are two aspects to this which have disturbed me very much. One is the kind of cloak and dagger approach, if you like, or the secrecy that seemed to surround so much of what was happening both during the gathering of relevant information, much of which turned out not to be relevant, and later in the actual

• 1020

development of the plan. There was secrecy to the point that every once in a while stories were being inspired from some source or other that were often in direct contradiction to what in fact was happen-

ing, and there was little or no attempt to break this veil of secrecy during this whole period. Now when we get to look at the plan itself, one wonders why the secrecy was necessary. We were told during this period that, of course, this secrecy was very important, because you could not expect federal and provincial governments to carry out the kind of negotiations that they were involved in without there being a great deal of secrecy.

There is a great sacred cow here, I think, in bureaucracies, not only in governments but in many other bureaucracies, about the necessity of secrecy. It is a sacred cow which I frankly do not accept as credible.

The second aspect of this that bothered me very much was the almost total lack of involvement of the people of Prince Edward Island. This more directly relates to what Angus MacLean was saying, in that it is little wonder that people perhaps today have great inability to feel very enthusiastic about the plan when it has, in fact, been introduced—I was going to say from Heaven, but I do not think I will give that kind of aura—but introduced from on high with people suddenly aware of the fact that it may have very great implications for them.

Frankly, I think this is highly unfortunate, because it is going to make it extremely difficult at many points for implementation and it may, as I suspect, make it in parts highly unrealistic. Again I think that this is one of the bureaucratic sacred cows we live with, that this business is too important to entrust in its planning to the people. The people have certain kinds of abilities, but they must not be expected to have the ability to participate meaningfully in their own futures, until such time as we are ready to tell them what that participation is going to be.

I think at this point that this particular weakness is more a part of federal government structures than even the province. The province may have certain weaknesses that way, but I think federal departments, and in particular this one, has had a history of that. It is perhaps getting over it, but it has been getting over it far too slowly to suit me, and certainly far too slowly to make this plan a more viable one for the people of the province.

Even in reading the plan, one wonders if the people of the province are not incidental to what is happening here. One gathers that we talk about various sectors and linkages and different kinds of structural changes that will take place in various sectors, and then as an incidental, as we get far into the report, we are told how people are going to be involved. They are going to be involved because we are going to have an information unit that will tell them to be involved. They are going to be involved because we are going to have six professional people who will act as motivators, or in some such function.



Quite frankly I think this is quite unrealistic. Mr. Saumier, you have accurately summed up in the nature of the plan some of the characteristics of Prince Edward Islanders, and I think this is good. There is another characteristic that perhaps has not been accurately accounted for in the plan and that is the rugged independence of the people of Prince Edward Island, which I think can either be a good quality, provided it is structured into a plan, or it can play proper hell with the implementation of a plan. It is my feeling that to this point we have allowed more for that second possibility than for the first.

● 1025

I am not yet satisfied that the plan does offer sufficient scope for participation. It was stated on page 67 of the plan that there had, in fact, been opportunity for people. It says on page 67 under "Public Education Counselling and Community Involvement", the first two lines:

A number of key sector programs in the Plan have been prepared in close collaboration with local groups in the Province.

I really am baffled as to what this means, whether collaboration means an occasional meeting was held at which a plan was promoted. If you are talking specifically about the Rural Development Council which is referred to a little later on, I think it is too bad that they are not here to provide their own views. I have met with them on occasion, and while I think there was a nucleus there of an excellent opportunity—quite frankly there are some key points on which they were very badly let down. If that is to be the maximum amount of participation, a few people throughout the province who represent the leadership of some of the volunteer organizations of the province, I think we have badly missed what must be essential to a plan of this scope.

As you said in your opening statement, it is the most comprehensive kind of plan that has ever been attempted by governments, by the federal and provincial governments in this country. It is an exceedingly important plan. I think you would say yourself that it really aims at trying to answer the question, "Is P.E.I. viable as a province?" I think when you are talking about linkages and links, I find some of this sociological jargon to be interesting, but not terribly understandable.

The basic factor, or linkage, or whatever you want to call it, has been missed in terms of the extent to which the people of Prince Edward Island have participated in the devising of the plan. You have suggested that there is flexibility. I would suggest to you that even though this plan is general, in many ways there is enough specifically in it. And I know a

more disturbing factor is that the direction is such that the amount of participation in planning, which is the first instance, has been minimal, if not to say non-existent.

**Mr. Saumier:** Mr. Chairman, perhaps I can respond to these comments which raise a question, I must say, which has been bothering us considerably. It is quite obvious that a plan of this kind is indeed an area economic development plan, aimed essentially at changing the behaviour of people. And obviously you do not change the behaviour of people by telling them that henceforth they will do so and so, but by putting them in situations where they know what is going on and where they have a chance to participate in evolving the approaches and proposals through which they will indeed have the opportunity of changing their own behaviour.

As I said earlier, we have tried to structure this plan in such a way that the future economy of P.E.I. will be in the hands of the population of P.E.I. as opposed to being in the hands of what you might call outside interests. I would say that this concern can be seen right through the whole document. I could give you a multitude of instances of this type. As I said earlier, it would have been very easy to design a massive incentive program, whereby the land of the province of P.E.I. would have been bought by outside interests. This is already happening in any

● 1030

event. If it had been bought by outside interests, it would have been developed by outside interests, and would have put the population of P.E.I. in a situation of being employees of these outside interests.

We have selected the other approach where we try to visualize a system, or a set-up, which will enable the people of P.E.I. to become, if you want, the owners of their own sources of development. This is a very difficult approach, indeed. From that point of view, I am saying the participation of the population will be real. In order to make this possible, we have foreseen at various places through the agreement rather considerable amounts of money through which, for example, the co-operatives will be able to reinforce their structure, through which they will be able to send their officers on short courses elsewhere in Canada or elsewhere in the United States to learn new techniques, new approaches, and so forth: whereby new co-operatives can in fact be created; whereby new marketing agencies can be created with the participation of the provincial government and of the population, and so forth. There is a whole series of measures there which are designed to achieve exactly that purpose of enabling the population, not only to participate in some kind of abstract exercise, but to participate in the real work of developing the untapped resources of the Island.

We have also tried to devise a system whereby voluntary institutions will be supported, as it were, at large, namely without being tied to participation to any one specific activity. You will find, for example, in the program that there are a few million dollars which are designed especially for that purpose—to build up the means whereby the population of Prince Edward Island can become involved in its own development, not so much as it relates to specific sectors but to the over-all provincial picture. I think that, as the plan is implemented this aspect will be fully taken into account.

Mr. Chairman, the question was raised as to the factual participation of the population of Prince Edward Island in the preparation of the plan. There is one factor, Mr. Chairman, which we have to take into account here—the internal political situation of Prince Edward Island. This plan was started by a government and was presented by the government of a different party. The majority of the present government is very slim. Therefore, I would think that there was a feeling within the provincial government that this was a very politically explosive document and that it could have been very easy to use this document to precipitate on the Island a political crisis of some magnitude. I think that this led the provincial government, rightly or wrongly—it is not for me to say—to take an attitude of secrecy, if I could use that word. Perhaps it would have been less severe if that provincial government had felt more strongly organized politically, had had a stronger majority in the Island and, therefore, would have felt in a position to take a greater risk in making known beforehand proposals, analyses, studies and preliminary conclusions which, indeed, will have a very far-reaching impact on the life of the province.

I would think, Mr. Chairman, that this may have been an important consideration, among many others, which may have led the provincial authorities possibly to be conservative in that respect. I daresay that is one aspect of the equation which one has to take into account in assessing the extent of public participation in the preparation of the plan, which goes back some years. There was on the Island a feeling of considerable frustration since this exercise began some years ago. There was a feeling that this was only another paper document which was being prepared to whet their appetite and from which nothing again would come. There was a feeling that only when the whole thing became pretty firm and very real was there any sense in going to the population and saying to them, "Here is what we intend to do."

It was felt, far from generating a higher degree of participation, that to have taken a different attitude would have led to an attitude of withdrawal and possibly one of saying, "Well, this is just another piece of paper, the like of which we have seen in

many instances in the past." I think that these two elements have to be taken into account in assessing the degree of political public participation in the preparation of the plan.

I would like to stress again, Mr. Chairman, that when it comes to the actual implementation of the plan, this public participation has been structured right through, not only from the point of view of there being citizens' organizations which will be able to take a critical look at the way the plan will be in fact implemented but from the point of view of citizens' organizations taking a most active part in implementation of the various sectors of the plan itself.

#### ● 1035

**Mr. MacDonald (Egmont):** Mr. Chairman, I want to refer to the last remarks of the Assistant Deputy Minister with regard to the piece of paper and people being led to the trough before and then being led away. This is surely not too surprising for the people of Prince Edward Island who have recently being through an experience whereby the Prime Minister of Canada in August 1965 announced a very massive project for Prince Edward Island to which there was a high degree of commitment, only to find that in the succeeding years and then finally in the last few weeks the thing was thoroughly scrapped. What makes me question the credibility of governments is the fact that they talk in the first instance about massive amounts of money, then in the second instance of what they are going to do with it, but they always get our priorities reversed. There has been far too much talk from the time that this plan was being evolved about the hundreds of millions of dollars that were going to be spent, then later some explanation about how it was going to be spent, and then people really wonder whether there is any seriousness at all to this sort of thing.

I am interested, too, to learn from the witness that he suggests that in fact it was the government of Prince Edward Island that imposed this kind of secrecy upon the planners, both federal and provincial. This is what, in fact, I believe the witness has said. Is that not correct?

**Mr. Saumier:** I should say, Mr. Chairman, that we fully agreed with this recommendation or proposal of the Government of Prince Edward Island.

**Mr. MacDonald (Egmont):** It was done apparently, as you suggest, for a political reason the very close hair-thin majority that the government has enjoyed since 1966. I have talked with some of the people who have worked on the plan about this very question and it seems to me that, as you say yourself, you were faced with having to deal with this situation and the decision of the Government of Prince



Edward Island was that it could only be dealt with successfully by secrecy. Yet, it strikes me as strange that the main body—it is mentioned in this plan and has been mentioned from time to time by the Deputy Minister when appearing before this Committee earlier—the Rural Development Council, which was supposedly the major link that the planners had with the kind of voluntary participatory structure of the province, argued most strenuously that if this plan was to be successful it would have to in some way be defused from the political. What you have done is entirely the reverse. If anyone is following the situation in Charlottetown, not only today when the Legislature is in session but over the past few weeks, it would seem as if you have upped the stakes, that you have turned up the whole intensification with regard to the political pressures that will be on this plan. In a place like Prince Edward Island where politics is taken almost more seriously than religion—you know, when we talk about mixed marriage in P.E.I. we talk about a marriage between Liberals and Conservatives, not Protestants and Roman Catholics—it is a very serious thing. I think you, quite frankly, failed to deal adequately with this problem, because it is a problem how you handle the political situation of Prince Edward Island. It must be a constructive rather than a destructive factor in the plan.

I think the Rural Development Council may well have been on the right track when they argued as they did, that if this plan is to work, because of its magnitude, because of its early importance to people of Prince Edward Island, the inherent political problems that exist must be dealt with realistically. I think the only way realistically they could have been dealt with is that this plan would have been developed in one of two ways. Either it would have been taken completely beyond the realm of politics, which as you recognize would be a highly difficult thing to do in our structure of the government or, failing that—and obviously that is not a practical solution—that the political realities of Prince Edward Island would have been built successfully into the plan—and they have not been. I quite frankly feel that along with the other problems that I raised earlier—and it does not make me particularly happy to say it—this may well be what will create great difficulties in making this plan a success.

**Mr. Saumier:** It I may react very briefly to these comments, Mr. Chairman, I think that it is not possible to say that a development plan of any magnitude can be put outside the political context. A

• 1040

plan, after all, represents the decision of a collective on what it wants to do with its own future and it is therefore, in essence, a political decision. It is a political decision whether we like it or not. I, personally, find no difficulty at all in admitting the fact

that a development plan is, in essence, a political decision.

**Mr. McGrath:** Political in what context, if I may interrupt?

**Mr. Saumier:** Political, sir, in that it involves a decision by certain levels of government on objectives and on means to reach these objectives and, therefore, it has to be a political decision in one way or the other. To say that we want to remove this from politics, to me might be construed to imply that we want this plan to be so vague and abstract that it is removed from the realm of reality. This is one reaction I would have. The other one is to admit, quite frankly, that we may in fact have been wrong. This is quite possible. As I said earlier, this was a very difficult decision to reach. Perhaps we tried to maximize short-term goals at the expense of long-term ones. If we had gone for a maximum amount of public discussion maybe there would be no plan today; maybe there would be a plan today; maybe the plan we would have today would be better; maybe it would be worse. This is a very difficult situation to assess.

We, of course, have to take very strongly into account the decisions of the political leadership of P.E.I. with which we are dealing.

**Mr. Broadbent:** May I ask a supplementary question on this?

**The Chairman:** If Mr. MacDonald has no objection.

**Mr. Broadbent:** What would the witness think of the following general proposal in line with Mr. MacDonald's suggestion; it seems to me that if you look at not only developments in our country but developments in the Soviet Union or central European countries on the one hand, who have become industrialized, and underdeveloped countries who are now trying to do so, to generalize very broadly, one of the central mistakes, even from an efficiency point of view, has been the failure of otherwise well-meaning people to take seriously the democratic question of rather full and complete consultation and active involvement of the people in any kind of process, whether it is industrialization or some modification of the economic structure that exists, say, in the case of P.E.I.?

Would it not be reasonable for the federal government to state, as a clear commitment, that any future plans the federal government enters into with any provincial government must be done on the assumption that public involvement from the outset is going to be maximized? You cannot say that all discussions are going to be public, but that should be the underlying assumption, because it is my political judgment anyway that the kind of situation that has



been described as existing in P.E.I. has existed in other countries and will exist elsewhere in Canada. Those of us who are politicians know there is a temptation, as you suggested I think, to rely on the short-run gain, and to say "If we can keep the people out of it and keep controversy minimized, we will get a plan", but what happens, of course, is that you announce it and then you really split the population.

I am asking, I suppose, just for your general judgment. Would this not be a good assumption under which to operate, not only in P.E.I. but for all federal programs with all provincial governments and implicitly I am saying that the federal government should perhaps refuse to work with any provincial government which in turn will not act on this assumption.

**Mr. Saumier:** Mr. Chairman, it is not for me to comment on the attitude of the federal government in respect to all provincial governments and provincial-federal programs. I will say only, concerning our own Department, that the FRED program, under which we prepared the P.E.I. plan, did in fact require public involvement and public participation in the preparation of the plan, and our new legislation carries the same spirit.

While it is easy for all concerned to agree on the need for public participation, it is like saying we

#### ● 1045

believe in God and motherhood. The real question is not at the level of principle, but when you reach the point of what does public participation mean right now at this instant. Does it mean that as you go along you have the results of all studies published? For example, these studies—and I will use here a political case—may mean that 10,000 people will have to abandon their homes, if the result of such studies is published prematurely and outside a framework whereby all the means that will be used to make this not only possible but acceptable by what is called in technical jargon—and I think it is a very horrible expression—"the target population"—we tend to have a warfare-oriented vocabulary—if this, for example, is made known publicly too early, surely there is a great danger this will cause among this "target population" such an uproad, and I would think it would be a legitimate uproar, that the whole planning effort would be jeopardized from the beginning. I just give that as one example.

So, as we go along, we are almost at every step confronted with this decision of what is meant by public participation. Who are the public participants? Are they the elected government? Is it the Cabinet? Is it the members of Parliament or the M.L.A.s? Is it the Chamber of Commerce?

**Mr. McGrath:** Surely, it is not the members of Parliament! We are the least of all you have mentioned.

**Mr. Saumier:** There is a multitude of organizations which all claim to represent some segment of the population; some claim to represent a very vast segment; some are by definition vested interest groups fighting for certain privileged groups in the economic environment. So that we are constantly confronted not with the problem of participation at large but with the problem of who do you involve now, in what way and for what purpose?

This, I submit, Mr. Chairman, is a very difficult problem, because on the one hand we know very well that if we wait until the last moment to unveil the grand design, then the chances of this grand design being seen as exactly a grand design which has no meaning for me are very great. If, on the other hand, we unveil the grand design before it is ready and in a way which is more negative than positive, then in the last analysis maybe there will not be any grand design at all and nothing will take its place.

So it is, I submit, one of the most difficult decisions which has to be taken and I, for one, must say that I have no blueprint or no ready-made answer as to what is meant by the concept of participation by the population, not only in the preparation of plans, large or small, but also in their implementation. It is one area about which a lot has been written and a lot has been said, but, as a matter of fact, when you come right down to the guts of it, very little has been tried. If you look at the experience in the U. S., for example, with certain O.E.O. programs they have gone in some ways in that direction and I was reading not long ago a book written by a Columbia University sociologist . . . or should I say socialist. . .

**Mr. Broadbent:** They are not necessarily synonymous!

**Mr. Saumier:** Since I am a sociologist myself I appreciate the nuance between the two. The writer said that in his judgment one of the main failures of the O.E.O. was that it involved the population in the wrong way at the wrong time in casting doubts on the whole involvement of this program of which he, himself, had been one of the prime proponents.

I just want to stress that while everybody may be in agreement upon the desirability of participation, when you come to the day to day decisions you enter a realm which is very treacherous and at the same time almost completely uncharted.

**Mr. MacDonald (Egmont):** If I may come back to where we were when the supplementary was raised, and follow through and indicate what I think is the extent of the difficulty at this point on the political question, instead of having a document here before

us in this plan, which would be regarded as a kind of blueprint for all Prince Edward Islanders and their blueprint for their province in the next 15 years, or seven years if you like, we have in fact a highly partisan document which will find support—I do not know to what extent—but it will find some support from one element of the population, perhaps even blind support without really questioning what it says

● 1050

and how it affects them, and, on the other side, finding great opposition—perhaps blind opposition—without examining what it has to say; particularly in places like Prince Edward Island where, say, provincially, 50.5 people regard themselves as Liberals and 49.5 regard themselves as Conservatives; and federally 50.5 are Conservatives and 49.5 are Liberals. It is that kind of confrontation that we are dealing with here. The implications are . . .

**Mr. Roy (Laval):** We are not here to discuss political angles. We are here to discuss business.

**Mr. MacDonald (Egmont):** Exactly; and this is very much a part of this business.

**Mr. Roy (Laval):** Can you make a statement on your authority for this?

**Mr. MacDonald (Egmont):** I am just making the statement to point out the fact that it is not a matter of a large majority dealing with a small minority, but of two majorities dealing with each other; and that is very germane to the success or otherwise of this plan. I think you will recognize that.

**Mr. Roy (Laval):** I think it is more important to clarify the objectives.

**Mr. MacDonald (Egmont):** I agree.

**The Chairman:** Gentlemen, I do not think we have to explain everything.

**Mr. MacDonald (Egmont):** Yes; and I am going to pass in a second because I know there are others with questions to raise. I have not completed my questions; I still have a number that I want to raise.

However, the implications of all this, and I was going to suggest, are that the next election—which is likely not too far away—is going to be run on this plan, and that will, in effect, put the final nail into it as being a partisan document.

But, even more disturbing, later on, or as the plan becomes operative—and I think today is the first day . . .

**Mr. Roy (Laval):** Mr. Chairman, we are not here planning a future election. We are here to discuss the objectives on an economic basis and to get more information on these policies.

**Mr. MacDonald (Egmont):** You can ask your questions in a second Mr. Roy.

What really disturbs me about the implementation of the plan is what safeguards there are to, in effect, convince people that at every stage patronage—which is not a new thing to Prince Edward Island—is not going to work to the detriment of this plan, because a decision will be made each and every day about certain people being dealt with either through loans, grants, or assistance of one kind or another, as great structural changes are being made in the lives and vocations of people. How are you effectively going to remove that, which, to me, is a very destructive thing, from the successful working out of the plan?

**Mr. Saumier:** Mr. Chairman, I think that the only way in which what I would call an unacceptable degree of patronage can be removed from the political process is to create a rational political process. I would not think it possible to remove unacceptable patronage by laws and regulations and means of that kind. If this were possible, I suppose we would have no freedom in this country.

However, when we look at it in a broader context, patronage can be seen as a way through which irrational decisions are made acceptable.

**Mr. MacDonald (Egmont):** I hope you are going to explain that.

**Mr. McGrath:** That is a rather interesting statement.

**Mr. Saumier:** This is fairly easy to explain. You may have a political system which rests upon assumptions that are unrealistic. Let us take here a United States example, that everybody is created equal and has the same chance to go forward. This is the official ideology in the U.S. This official ideology obviously breaks down in the real world. Therefore, to the extent that official ways to arrive at the official objective are not present then unofficial ways have to be created.

Unofficial ways have to be devised because the people who live in that system have certain aspirations and certain needs, and if the official system cannot satisfy these needs then there will have to be created various avenues and paths to resolve or to fulfil the same needs. Therefore, I think . . .

● 1055

**Mr. Lundngan:** Mr. Chairman, on a point of order. I do not want to be at all rude, and I am very inter-



ested in the tremendous ability of Mr. Saumier, but I would like to see our discussion turn a little more on the practical level. I do not want to have to listen to a lecture on political science, or a social theory, or whatever the case might be, and this is partly what we are getting. I think there are a lot of very important and crucial issues that we should perhaps be dealing with.

**The Chairman:** I think the witness was trying to answer Mr. MacDonald's statement, and he was doing it relatively well.

If you have now enlarged on it sufficiently perhaps we might pass on to the next question.

**Mr. McGrath:** Does the witness' definition of patronage represent government policy?

**Mr. Saumier:** I am sorry, I did not hear the question.

**Mr. Broadbent:** On a point of order, Mr. Chairman. I appreciate the concern of Mr. Lundrigan, but the question really is somewhat involved. I think the witness should be allowed to elaborate and, with the interjection from Mr. McGrath, it would only be fair if he were given the time he needs to deal with a rather complex question.

**Mr. Saumier:** Mr. Chairman, my answer to the question that was raised is again a simple one on paper. If you want to eliminate patronage the way to do it is first of all to have a rational government decision-making process; and, second, to create a system on P.E.I., or elsewhere, whereby the aspirations of the people can be met through legitimate channels. Within the plan we try (a) to build up, or cause the creation of, a more effective and rational decision making process within the P.E.I. government; and, (b) to create for the people of the Island opportunities to meet their desires through legitimate means.

At the broad level I think this is the only way in which, as I said, unacceptable kinds of patronage can be eliminated from any political system.

**Mr. MacDonald (Egmont):** This is a comment, Mr. Chairman. It does seem to me—and this is not only in terms of patronage—that we must not only see that right is done—to quote an earlier political leader—but that we must seem to be right; and this may create as much of a problem as trying to achieve the first.

I have further questions. Perhaps I could drop to the bottom of the list.

**The Chairman:** Thank you, Mr. MacDonald. Mr. Broadbent?

**Mr. Broadbent:** Thank you, Mr. Chairman.

There is one aspect of the plan that raises a general question about all similar plans that may be developed for application elsewhere in Canada. And it is a political question. It is the involvement of the federal government in areas which, under the constitution, are properly within provincial jurisdiction.

I think it is only fair to say at the outset that I raise this matter from the point of view of someone who in fact believes that the federal government should become involved in a number of areas that constitutionally are within provincial jurisdiction, providing there is agreement to such involvement by the province concerned. In the budget breakdown, for example, on the back, under Section 2.1.1, for the cost of this program—more particularly, the costs of the educational aspects of the program—you will notice what seems to me may be just a clever way of doing the bookkeeping. The plan clearly, and appropriately, involves changes in educational programs, but in the budget arrangements we see that the province is paying the total cost, supposedly for

● 1100

education, and the federal government just involves itself, in terms of the bookkeeping entry, in areas which come under federal jurisdiction. I take it this is probably consistent with other parts of the budget. I have not checked on that.

Is this, in fact, simply a clever bit of bookkeeping entry-making to disguise the fact that the federal government is in fact involved in a plan and in spending money in areas under provincial jurisdiction?

**Mr. Saumier:** Mr. Chairman, if you look at a dollar bill, I do not know whether this dollar bill will let you know much about the constitution. Dollar bills are constitutionally neutral. When I am asked whether in fact the federal government is contributing to primary and secondary education and to postsecondary education the only answer I can give to this question is that if we look at the financial tables it will be seen, as was pointed out, that the federal government is not in fact contributing directly to primary and secondary education.

Obviously the federal government is contributing indirectly to building up the financial resources of the province, part of which resources the province then applies to educational programs. For example, to take a very broad comparison, the federal government has a program of fairly massive transfer payments to a number of provinces which has the effect of increasing provincial financial resources, and I would think possibly enabling these provinces to devote more to education than they could devote otherwise. If we take that attitude obviously the federal government is indirectly enabling the prov-



inces to spend more on strictly provincial educational programs than they would otherwise be able to spend if these transfer programs of various kinds did not exist. I think this does not detract from the fact that within the plan the federal government is not contributing directly any amount of money to the primary, secondary and postsecondary education, sectors of the plan.

**Mr. Broadbent:** Well, with all respect, as one says, Mr. Chairman, I think there is a crucial difference here in terms of transfer payments as a general means of operating the federal constitution. It is quite common not only in our country but in others, for something called transfer payments going from one region to another. This enables that province in this case to spend money on education which otherwise it would not be able to. However, that is different in principle, it seems to me, from federal participation in a program such as this, drawing up a program which appropriately—and I want to emphasize that—recognizes the need for education to be considered in part of the program.

Now, it seems to me that we do have an example of a kind of deceptive bookkeeping entries to disguise the fact that the federal government is involved in an educational area. Clearly, whatever X number of millions of dollars were allocated to the total plan at the higher level of the federal government, it seems to me some decision is made that so much money can go into this plan, whatever its details are. Then what is likely said, I would say is: "All right fellows, you figure out what it is going to cost for education. We cannot allocate any specific federal funds for education but we will make it up in other areas".

**The Chairman:** Have you grasped the question now?

**Mr. Saumier:** Oh, I have grasped it very well, Mr. Chairman.

**The Chairman:** Would you like the witness to answer it now, Mr. Broadbent? I think he understands, and I certainly see your point. Would you like to answer it, Mr. Saumier?

**Mr. Saumier:** I think, Mr. Chairman, the only answer I can give to this is that in fact—and I know this may not be quite satisfactory to your colleague—the federal government is not contributing directly anything to primary, secondary and post-secondary education. Now, whether somebody looking at these sheets will arrive at the conclusion that this is in essence a piece of artificial bookkeeping, or whether he will arrive at the conclusion that this is the reality is a conclusion he can arrive at on his own.

• 1105

**Mr. Broadbent:** They are not mutually exclusive, are they?

**Mr. Saumier:** Well, in the real world as I said earlier there is no constitutional attachment to a dollar bill.

**Mr. McGrath:** I have a supplementary. Does this not come under the broad umbrella of the phrase you used of the plan fostering a much more effective government system? In essence what you are saying is that the government of P.E.I. have had to surrender their sovereignty in many areas so that Uncle Ottawa can move in and take over. Is that right?

**Mr. Saumier:** No.

**Mr. McGrath:** Well, perhaps you might explain.

**Mr. Saumier:** I am sorry, Mr. Chairman, I do not want to get embroiled in procedural points. Which of the two questions should I answer at this moment?

**Mr. McGrath:** You can answer both of them at the same time, if you like. Mr. Broadbent is on to a very important point and I supplemented what he had to say, so perhaps you could answer both questions.

**Mr. Broadbent:** Before you answer that I would like in part, I think, to disassociate myself with the implication of Uncle Ottawa getting involved in an area where it should not be. I am in favour of being involved as long as the province is in agreement on this kind of cost sharing agreement, but what I am interested in is making what I regard to be a very serious political point in criticism of the present government, which likes to argue that the federal government should stay within its area and the provinces should stay within their constitutional areas and "ne'er the twain shall meet."

I think this is actually wrong in terms of Canadian history and it will be dangerous, in fact, if we proceeded to run the country that way and I am pleased to see in fact that government is not running that way, that they are embarking on programs that do involve federal spending in provincial areas, but I wish they would go one step further and publicly admit they were mistaken in their constitutional theory and practice, and admit it be having some straightforward bookkeeping entries. I think you would just make the same points in reply so I will not even ask for a reply.

**Mr. McGrath:** You disassociated yourself from my supplementary but I think you are basing it on the wrong premise, because I am not objecting in theory to what is happening. What I am trying to bring out,

though, is the fact that the government of Prince Edward Island has had to eat a humble pie in order to get rich Uncle involved to the extent that he is, and I am saying to you that the government of P.E.I. have had to surrender their sovereignty in many areas and I see very little difference in this plan which has now taken over in Prince Edward Island and a trustee in bankruptcy.

**The Chairman:** Mr. McGrath, again you emphasize, I think, what Mr. MacLean brought out in our first questions. It is something that I am very interested in and I think we probably will see more of this when we get to the Maritimes. However, I do not think the witness before us now can contribute much to your problem. It is something that we are going to have to see as a Committee and then maybe we can bring it back into this room.

**Mr. Broadbent:** I have to go to another meeting, Mr. Chairman.

**The Chairman:** Before you go, Mr. Broadbent, I wonder whether we have a quorum?

**Mr. McGrath:** May I just ask one question, Mr. Chairman, before you really shoot me down? I have one question to ask. Would not the building of the causeway have the same effects on the economy of Prince Edward Island as this rich Uncle Ottawa plan?

**Mr. Saumier:** Mr. Chairman, I dare say that in my own personal opinion it would not.

**Mr. McGrath:** In your own opinion, it would not?

**Mr. Saumier:** For example, if we look at a number of sectors the Atlantic causeway at such would do nothing to increase the educational opportunities open to the population of P.E.I. This in an example that comes readily to mind.

**The Chairman:** Gentlemen, some of the members have to go to other meetings. I know that Mr. MacDonald and Mr. Lundrigan have signified that they would like to pursue this further. I would like to put Votes 5 and 10 to this Committee, holding Votes 1 and 35 open which cover DEVCO, as you know, so that when we do get back after the Easter recess we will be able to limit our discussion to the general administration at the P.E.I. plan and DEVCO. I wonder whether I might have a motion that Vote 5 be accepted.

**Mr. MacDonald (Egmont):** Please just clarify what Votes 5 and 10 are, Mr. Chairman.

● 1110

**The Chairman:** Votes 5 and 10 generally are the ARDA spending, the PFRA spending, the Saskatchewan plan, as outlined on page 338 of the Blue Book. I do not think by voting 5 and 10, Mr. MacDonald, that we are limiting the discussion other than on the subjects that we have discussed in some detail in the past.

**Mr. MacDonald (Egmont):** Mr. Chairman, there are certain questions that I know certain members want to ask. Is there any real and pressing reason why we should put the votes right now?

**Mr. Lundrigan:** What is the reason for it? We could just as easily pass 5 and 10 together with the two outstanding areas you want to leave open.

**The Chairman:** I would like to see that we have accomplished something out of the meetings that we have had. I also think that perhaps it is easier for the members if they have a specific subject that they could line in on. As I say, I put the motion to the Committee. We can have a vote.

**Mr. Lundrigan:** Mr. Chairman, I have questions relating to the park administration and the increases in fees for national parks, which are indirectly related. I know that they come under particular jurisdictions, but they are part of the development program. I have some other questions about ADB involvement in education. They have conducted a tremendous number of inquiries and studies in the field of education, and I was hoping to push that point particularly. It has been raised today, and I think it is one of the areas that has to be explored in a great deal of depth.

**The Chairman:** Mr. Lundrigan, we do have these problems, and I think for one reason or another you were away when we went into the parks.

**Mr. Lundrigan:** No, I was here, Mr. Chairman, but I did not get a chance to develop any questions because the members from Gaspé and others had very important topics, and they developed their points.

**The Chairman:** I think probably that you had a period. I do not know. As I say, I would like to pass these votes, keeping Vote 1 open so that if there is a specific point that you want to bring up . . .

**Mr. Lundrigan:** That gives me latitude then, Mr. Chairman, if I want to . . .

**The Chairman:** Yes, I would say it gives you sufficient latitude, Mr. Lundrigan.

Vote 5 agreed to.



Vote 10 agreed to.

Loan 120 agreed to.

Loan 125 agreed to.

Loan 130 agreed to.

Thank you gentlemen, and I wish you all a Happy Easter.

**Mr. Cyr:** We will be on the P.E.I. plan at the next meeting?

**The Chairman:** No, the next meeting is with Devco. We can arrange a meeting after April 14.

**An hon. Member:** Are we adjourning now?

**The Chairman:** I would hope so.

**Mr. MacDonald (Egmont):** We are not going to carry on?

**The Chairman:** We can finish with this if you would like to stay. You are not rushed, are you?

**Mr. Saumier:** Mr. Chairman, I can stay for another hour.

**The Chairman:** Fine. The only reason I wanted to pass the votes is that some of the members have to get to other meetings.

Are there any questions on ADA? Mr. Lavigne has been waiting here in case there were any questions on industrial incentives. If there are not going to be any questions, I do not want to tie him up.

**Mr. Lavigne,** I am very glad you came in. I am sorry we could not use you. **Mr. Lundrigan.**

**Mr. Lundrigan:** Mr. Chairman, I have been listening with a great deal of interest and certainly learning quite a bit from the discussion rather than the questions. I think we have had more of discussion.

I have been interested in listening to Mr. Saumier's description of the government's effort to program P.E.I. I will not say that it is the first time I have heard this kind of language, because although I am not a sociologist I have done quite a bit of reading in the field of history, and I have read of the same things happening in other countries, especially in connection with the five-year programs in Russia. There is a great deal of similarity and philosophy, and perhaps this is what we are coming to. I am not going to get involved in an argument about that point, nor am I going to talk much about involvement. But I am surprised that experts like Mr. MacLean have never been asked at any time about what they thought of the kinds of programs that would be necessary for P.E.I. This is the real

practical involvement, and I am aware of the sociological significance of the way this term is used. But I will forget all that because it has been stated.

● 1115

I would like to ask a question more specifically on mobility, and the extent to which mobility is going to play a role in the programs for the Atlantic region generally, and Prince Edward Island. You have mentioned in a passing way that studies might indicate, for example, that 10,000 people need to be relocated. Again, the Minister has on several occasions mentioned mobility as a necessary approach to the development of certain rural parts of Canada.

I am wondering what your studies have revealed, not what the people say or what the people feel, or what their way of life might indicate, but rather what studies have revealed concerning the government's approach to mobility, specifically first on Prince Edward Island and generally in the Atlantic region. Do you foresee a great mobility of people a great movement of people, either towards so-called urban areas or out of the Atlantic region altogether, as is presently the case? I believe there are roughly 25,000 persons annually now moving out of the Atlantic region. Do you foresee this as part of the approach? And taking Prince Edward Island, where you have a population of 110,000 people, do you foresee a good number of people moving to urban areas, or perhaps even off the Island altogether? Is this going to be a major plank in your total program?

**Mr. Saumier:** Mr. Chairman, perhaps I could approach this question in steps, as it were. First of all, whether a government is opposed or in favour of mobility, it does take place. People are free to move and they do move from place to place, as has been indicated. There has in fact been substantial mobility in the Atlantic region.

**Mr. MacDonald (Egmont):** In what way?

**Mr. Saumier:** I remember seeing some projections in the newspaper not long ago indicating that roughly 60 per cent of the graduates at the Memorial University in Newfoundland would find employment this summer outside the Island of Newfoundland. So there is in fact substantial mobility. There are programs—the national program such as the manpower program—which are designed to assist this individual kind of mobility when people feel compelled to move individually. There programs apply to the Atlantic region as they apply to any other area of the country.

I would think, Mr. Chairman, that the real question becomes not whether we want or have a mobility program, and not whether people move, because



they do move, and not whether we should have a mobility program, because we have one, but whether we should have a special effort aiming at accelerating mobility along certain desirable paths.

If you look at the case of P.E.I., it will be seen readily that we do not anticipate, under the plan, a significant decline in the population of P.E.I. Indeed, we anticipate an increase in the population of the Island. As you know, over the last few years the population of P.E.I. has in fact been fairly static, which shows that there has been a substantial out-migration. One of the impacts of the plan is hopefully to stop this process, and indeed to induce an increase in the population of P.E.I. This is not done because we feel mobility is bad or good or wrong or undesirable. It is done essentially because we are convinced that there are sufficient resources, both developed and undeveloped, on P.E.I. to ensure that the population can become larger and at the same time increase its standard of living. For these reasons, you will see that there are no specific or no special population programs in the plan for the popula-

● 1120

tion of P.E.I. of the kind that we find for example in the Gaspé agreement where we have a completely different economic picture, or of the kind that we find in the Northeast New Brunswick agreement, where again you have a different economic picture. In other words, we see out-migration as one of the factors that we have to take into account when we try to achieve a certain stage of economic growth. In the case of P.E.I., prospects for economic growth are such that there appears to be no need to mount a special "out-migration" program as there should be more than enough employment on the Island to occupy the present population as well as maintain, not a substantial, but, a fairly significant increase in the Island population.

**Mr. MacDonald (Egmont):** Did I hear you say that you were hoping to stop or greatly reduce the present level of "out-migration"?

**Mr. Saumier:** That is right.

**Mr. MacDonald (Egmont):** Which is it, stop or greatly reduce?

**Mr. Saumier:** As I said, over the last 10 years the population of P.E.I. has been about static. This means, in effect, because children are born in P.E.I. that there has been a substantial process of "out-migration". What we anticipate over the next few years is that the population of P.E.I. will, in fact, increase, which means a reduction of the process of "out-migration". If you asked me the exact diminution in the rate, this becomes a very involved demographic problem depending on certain assumptions.

**Mr. Lundrigan:** Do you plan any great amount of intraprovincial or intraregional mobility as distinct from "out-migration"?

**Mr. Saumier:** In the case of P.E.I., we do not in fact anticipate a great amount of intraprovincial mobility. There will be some mobility, but this will be far less significant than what we anticipate, for example, in the Gaspé or northeastern New Brunswick. By and large, the economic structure of P.E.I. is sound. The settlement pattern of P.E.I., the urban pattern, is fairly acceptable. A consolidation of the population is not so much needed as a consolidation of services. It is one of the prime intents of the plan to provide this consolidation of services. By and large, it serves the population where it is now. There will be a small amount of mobility, but not very much.

**Mr. Lundrigan:** You say that the pattern is generally acceptable in particular places, could I ask acceptable to whom? Also, if it is not acceptable, I presume to the planners, what methods are used to induce mobility either intraregional or otherwise?

**Mr. Saumier:** Again, Mr. Chairman, it depends upon what kind of mobility we are talking about. Let me take an example here. Suppose we have an isolated settlement which is not adequately serviced by the school system. Now there are two solutions that come to mind when we think of how to deal with this problem. One way is to move the population of this isolated settlement to a centre where they would, in fact, be given adequate educational services. Possibly another way is to build a road from the isolated settlement to the education centre so that people and students can move back and forth on this road and remain living where they are while having the benefits of a better school. This kind of example can be multiplied quite a number of times. In P.E.I. as we are not dealing with vast distances and almost every place on the Island can be made accessible to good school facilities, good educational facilities, good health facilities and so forth, we have come to the conclusion that because we are not in business to disrupt patterns of life just for the pleasure of doing so there is really no need to envisage, in order to provide this better level of services, a massive population mobility and the closing down of existing settlements and so forth. In other words it is possible to provide this level of services by looking at the infrastructure as opposed to moving the population to centres where they will be given this better level of services.

**Mr. Lundrigan:** Mr. Chairman, I am going to ask only one last question because this topic opens up an area which could lead to discussion and debate lasting for hours. I have not even really begun and I

think there are a lot of interesting questions. I want to ask a question which I suppose is related to the Causeway. What plans does the government have for providing improvements in transportation facilities and communication facilities on the Island, and mainly between the Island and other parts of the Atlantic region, the central Canada region, the south-

• 1125

ern or eastern seaboard and so on? I ask what plans there are because I understand from just a brief synopsis of the plan that one of the key approaches will be to try to develop agriculture to a much more sophisticated and much more productive level. When you are talking of this you are thinking of transportation. Again, from listening to and reading about top economists, some key advisers to the previous and present American administration seem to think that transportation is one of the keys to the development of any area. Could I ask what general plans the Department envisages for the Atlantic region and specifically for P.E.I. for the next year or two because this is really what we are talking about now.

Mr. Saumier: Mr. Chairman, I must confess that I always feel confused when people ask me about the transportation plans for P.E.I. because there have been so many plans discussed that I tend to lose track of them. I will, however, say this—I am prepared to give the Committee a more precise written statement than this one—we foresee—and this has been announced by government—substantial improvement in the ferry service to P.E.I. which will make its ferry service fully adequate, we believe, to meet its present transportation needs. There will be a substantial improvement. Although I forget the exact means whereby this will be achieved, as I say I can provide a statement to the Committee in that respect, Mr. Chairman.

Mr. MacDonald (Egmont): On pages 44 and 45?

Mr. Saumier: I think all we have there is a broad statement of objectives. I will provide the Committee, Mr. Chairman, with a detailed statement on the proposed improvement of the P.E.I. ferry service. These improvements were mentioned, I believe, at the time the announcement concerning the Causeway was made. It was a fairly detailed description of the improvements which are proposed and which will, in fact, be implemented, I understand, on fairly short notice. I will make this statement available to the Committee.

Mr. Lundrigan: Thank you, Mr. Saumier.

Mr. MacDonald (Egmont): By way of supplementary, I should say I think someone might want to re-examine the figures on the last line of page 45, where it reads:

[Interpretation]

... 24,000 vehicles a week, operating 24 hours a day ...

One of the ferry services never operates more than from dawn till dusk, so if these figures are, in fact, predicated upon a 24-hour working arrangement for both car ferry systems they are not accurate. That is a point to be gone over perhaps in the elaboration which you will give the Committee.

Mr. Saumier: Yes.

Mr. Cyr: Mr. Chairman, I would like to say a few words regarding this agreement between the government of Prince Edward Island and the federal government, because I partly belong to Prince Edward Island. I was at St. Dunstan's and I go back there every year. They have a good national park. I would invite people to go by way of Gaspé if they are going to the Island.

I am not surprised at the comments made by Mr. David MacDonald concerning the secrecy of the preparation of this agreement. We had the same reactions. And it was the directors and promoters of the BAEQ who kept this secret. For the members, it was tabu, as

• 1130

they say. We had no access to information, in fact we were not even consulted. And for the information of the Committee, I would say that there were even promoters who had socialistic leanings. They were so far out that some even ran on the NDP ticket at the last elections. They were organizers for the New Democratic Party. I would have liked to have said it a moment ago before the representative of the Party who was here. These people went through the area saying that all existing institutions that had not given satisfaction to the population had to be changed, such as the Chambers of Commerce, the Members, the present governments, even the municipal councils, and the school boards. All this had to be changed and new organizations would have to be set up. This was called an expression of public opinion.

We have checked public opinion since 1963, and Mr. Saumier will agree with me that this got off to a slow start and that it is still slow. The people who had been told to drop the Chambers of Commerce, the Lions Clubs and other associations, and the Members, are coming back to consult us and ask us to do something. I liked the definition you made a while ago regarding participation. You have no sore spots to show. But actually, what does participation by the Chambers of Commerce and the Members of Parliament amount to? This does not seem very clear to me. It would be necessary to set apart about \$1,000 from the fund set up under that agreement and to recover the money that was wasted on Prince



Edward Island in order to form a committee to define what the participation will be of the intermediary and parapolitical bodies or even of the Members. There is a lag in this field and the public is in a rebellious mood.

You, indeed, are the representatives of the people, but what do you know about all this? We don't know. What are you waiting for to adopt a definite position? Until now, everything has been kept secret. This is why it is high time for the Committee or Mr. Marchand's new Department to really study the participation of the Members and for the public to be properly informed. What business do we have in this matter of regional development?

My question is as follows: under this agreement, the some of \$725 million, which is being dealt with today in this Committee, appears to the public as an enormous figure, and for years hence the citizens of Prince Edward Island will be in the same situation as the residents of the Gaspé area. What is this money being used for? Figures as high as 725 million have been mentioned. The same thing applies to Gaspé. There is talk of an agreement amounting to 258 million, but the public should be informed if the latter is expected to participate. This has been stated in the agreement regarding Prince Edward Island, it has also been mentioned now and again and it is also specified in the agreement regarding Gaspé, i.e. if the population must participate. But, one should not intimidate the population by mentioning large figures such as 725 million. Therefore, the public should be told that there are various programs at the federal or provincial levels granting them certain sums of money which they are entitled to receive and which they have been receiving for a number of years, but in addition to this, this is the amount that will be added. I believe in social organization, education, in the Gaspé Plan, and also in the Prince Edward Island Plan, but the public should be informed regarding these sums of money which run into the millions.

To give you an overall picture and to inform my friends from the Maritimes who are here, 250 million have been set aside for Gaspé, and out of this amount 114 million are provided for pre-employment courses, night courses, and courses for adults within the framework of the social development and upgrading of manpower. However, this Act was adopted several years ago, and 93 million are reported to have been spent in this manner which means that it is not a gift, since this exists in Trois-Rivières, Montreal, Quebec City, Vancouver, and Toronto, in fact, throughout Canada. It is included here for the sake of effect.

The same thing applies to fisheries where we have a figure of 2 million; 6.9 million are reported to have been spent, and yet there are programs. I was

the representative of the Minister of Fisheries, the honourable Robichaud, now a member of the Sen-

#### • 1135

ate, or the other House, at a blessing of the ships at Rivière-aux-Renards, in Gaspé, in 1964, where I announced the programs—I still have a copy of my speech—regarding Gaspé, concerning fishing in the entire Gulf of St. Lawrence, for Prince Edward Island and Nova Scotia. I had been asked to announce this novel type of program. Nowadays, that part of the St. Lawrence Gulf is still included in that agreement, and if you read further on, you will notice that it is the same thing: the forests, roads crossing forests, a joint plan, access roads to mines, all of this existed earlier and is being included again because it produces a good effect.

In the statements made over the weekend in Rimouski, regarding the agreement amounting to 40 million, an exclusively federal project has been included, namely the Chandler Wharf, representing 2-1/2 million, although the money has been voted since 1964. It is doubtful whether it will be possible to carry out this project this year, because the initial phase of the Chandler Wharf will require 1 million out of 3-1/2 million; therefore, this means 2-1/2 million for the wharf. This was discussed over the weekend, but the lowest tender, that of Simard & Beaudry of Matane, amounts to 3.6 million. Discussions are being carried on by the Treasury Board, then the matter is discussed by the Departments of Public Works and from there, the discussion is carried to Gaspé. Discussions are carried on with Pulp and Paper, in Chandler, to find out whether it will go on contributing to this plan. And then, the public is told that thanks to the federal-provincial agreement, the Chandler Wharf which was supposed to have cost 2-1/2 million, will now cost 3.6 million providing the various projects are carried out, and I very much doubt that this will be the case this year. That is why I would not want the population of Prince Edward Island to be faced with the same dilemma as that facing the population of Gaspé at the present time, with nothing remaining of the \$6 million. You already have retraining courses, subsidies for fishing and ships, all this exists, but lumped together it provides a pretty picture. I believe, however, Mr. Saumier, that if we really want the public to participate, we must first provide it with information, although one must avoid cramming their minds full of facts at the outset.

I should like to hear your remarks regarding the ideas I have just expressed. I may have been somewhat longwinded, Mr. Chairman, but I had been wanting to say this for a long time.

Mr. Saumier, you may answer in English, as I understand it fairly well. You may do as you wish, and reply either in English or in French.



Mr. Saumier: Mr. Chairman, I believe that the remarks made by your colleague are quite relevant. It is certain that in any development plan there are two equally important aspects.

First, there is what one might call the political coordination aspect dealing with present operations. The government is often criticized for carrying out a policy whereby its left hand does not know what its right hand is up to, so that when referring to the development of an area, it is a matter, in the first place, of seeing to it that the various operations of the government within that particular area are preserved and integrated in relation to each other. Naturally, in order to achieve this, it is necessary to combine a certain number of already existing programs. Then, when it is noticed that the area presents special problems, it becomes necessary, so to speak, to improve the already existing operations.

● 1140

There are two ways of doing this. You can improve them either by accelerating them, that is by seeing to it that a project, let us say, that was to be carried out over a fifteen year period of time, can now be carried out over a five year period. The acceleration of new programs can also be carried out by creating from scratch new programs to meet the shortcomings which have been discovered or the new needs which arise. Hence, any development program worth its salt, has the following three aspects: the coordination of already existing programs, the acceleration of some of those programs, and finally, the creation or launching of entirely new programs and all of this forming, it is hoped, an integrated and coordinated whole.

Therefore, it is sometimes very difficult to tell whether a given program is a new program or an already existing program. Let us take, for instance, the manpower program which you mentioned. The various manpower programs are available to the population of Gaspé and also to the population of Prince Edward Island. It is a national program. So, you can say that the monies that will be spent in the Gaspé area or in Prince Edward Island for manpower programs, do not represent new funds, since provision for them has already been made. But, what happens really, is that under the present circumstances, the program may very well have no effect or very little effect in Gaspé or in Prince Edward Island, because the program is conceived, justifiably, on the basis of some kind of national average which does not necessarily correspond to the situation of people in a given area. To give you a specific example, the manpower programs as set up at the present time, provide for a maximum of one year of academic upgrading, before beginning technical training.

Now, if you have an area where an important part of the population has an average of two or three years schooling, and has lived for a long time in a socio-economic situation that is a difficult one, then one year of academic upgrading is not sufficient to enable these people to have access to technical training, in the strict sense of the term. So that, if in theory, the manpower programs foreseen for that area do not represent—and I repeat, in theory—new programs, in fact, because of other elements within the Plan, that can be new ones, an existing program takes on a real meaning for the area.

That is what happened and that is what will happen in the Gaspé area, because there are all kinds of mechanisms that will enable people to move from marginal parishes, that will enable marginal fishermen to leave their present jobs. Then, a series of obstacles will have been removed thus enabling these people to join or take advantage of the standard government programs which they could not take advantage of before for quite concrete reasons, not for theoretical ones, but for concrete ones, before the special programs were set up.

So, I think that in the case of Gaspé, when we speak of 92 million dollars for manpower retraining, is is very difficult to say exactly how much money would have been spent in the area by the Department of Manpower and Immigration if the Gaspé Development Plan had not been followed. Perhaps the same amount would have been spent. But would it have achieved the same results? That I do not know. It is also possible that a much smaller amount would have been spent because the conditions necessary for carrying out the ordinary program in Gaspé existed to such an extent that for all practical purposes, the ordinary program existed on paper only. Therefore, it is very difficult to state concretely, even when speaking of ordinary or normal programs, what is new and what is not, because you really cannot know what would have been spent in the absence of the Development Plan.

Mr. Cyr: Thank you.

[English]

Mr. MacLean: Mr. Chairman, I have a question for clarification. About an hour ago, I think, the witness said something about the necessity of changing the behaviour or the behavioural pattern or something of that sort of the people of Prince Edward Island. I am not sure just what he did say. Perhaps he would not mind repeating it.

● 1145

Mr. Saumier: Mr. Chairman, I did not comment on the necessity of changing the behaviour. I was re-

sponding to a question whereby I was asked whether the plan as such was going to cause such a change to appear. My answer was of a very general nature in which I said that if, in fact, there were such problems, then the plan could do this and that to cause there problems to disappear.

**Mr. MacLean:** Would you give an example of the problems you have in mind?

**Mr. Saumier:** Mr. Chairman, since I did not raise the question I would prefer the person who raised the question, if he is still here, to give an example of the exact situation he had in mind.

**Mr. MacLean:** I asked it.

**Mr. Saumier:** I must confess I am not that familiar with the situation in P.E.I. to know whether, in fact, such problems occur and if they do of what particular type they may be.

**Mr. MacLean:** I just question what kind of behavioural problems they would be. My philosophy has always been that people have the right to change the behaviour of governments, but not vice versa.

I have one additional question and then I will be finished. Has any study or estimate been made on the net drain in terms of dollars of what we might refer to as the brain drain from the Atlantic Provinces or from Prince Edward Island, in particular? I take it that the people evolving the plan take the view that the educational level of the people of Prince Edward Island is quite unsatisfactory and I tend to agree with that, but on the whole I would not say that that is entirely the fault of the system because for decades now there has been an "out-migration" of educated people. The more highly educated a person is the more pressure there is on him to leave the area to find employment commensurate with his investment in education, so to speak. The economics of this from a governmental point of view must be staggering considering the large number of educated people who leave the area and are contributed free to the economy of human resources of some other part of the country or even some other country in some cases.

Is there any estimate of what this means in terms of provincial government costs when you have, say, two or three hundred, I would think on the average, new university graduates who grew up in Prince Edward Island, were educated there not only through the school system, but through university and so on and then are presented as a free gift, so to speak, from an economic point of view to some other part of the country?

**Mr. Saumier:** Mr. Chairman, that question is indeed a very pertinent one. I am not aware of any specific study having been done on this particular problem trying mainly to quantify the loss to the province from this brain drain. However, there may have been some studies done by the Atlantic Development Board. Possibly Mr. Franklin would be aware of any such study, but I am not. However, I will look into this and if I do find one I will be glad to let you know.

I would like to add a more general comment that this is, indeed, one of the most difficult problems in any attempt at educational planning in a province. When you set up a system of education, you allocate that system a certain amount of resources and you hope for a certain output. The question then becomes one of devising a system of education which will provide the kind of people whom the economy of the province needs and who can be gainfully employed within this economy. I will illustrate this by using one extreme. If you have a provincial system of education which will train only Ph.D.'s in physics, this is obviously a misallocation of funds. The rule of the problem is that you have to have a constant interaction between the economic possibilities to train the population and the educational system which will feed into the economic system both the people who are called for by the system itself and people who will enable this economic system to grow. This is what we tried to do in the P.E.I. plan, for example, by creating a college of

#### • 1150

applied arts and technology, the prime purpose of which will be to train the necessary skilled manpower to provide the inputs into the agricultural sector, the fishery sector and the tourism sector and possibly review at the same time the output of certain skilled people who, almost by definition, are not in a position to find employment within itself.

**Mr. MacLean:** I am very pleased to hear the witness say that because I have been quite sceptical about the historic educational system of the Atlantic Provinces which seems to have been orientated towards educating people to go away from the area, if I might put it that way. Even on more recent programs such as adult education I have been fairly sceptical because it seems to me that the province with the help of the federal government is educating or retraining local people for jobs that do not exist in the area and these people end up in the Northwest Territories or somewhere with no direct beneficial return to the people who paid the cost, at least as far as the province is concerned. I am very pleased to realize that this is being watched carefully and that sufficient cognizance of this problem is being taken into account.



**The Chairman:** Thank you, Mr. MacLean. Did you have a question, Mr. Honey?

**Mr. Honey:** Mr. Chairman, I did not have a question, but I think there have been some precedents set in the Committee this morning for expressions of opinion or statements. I will be very brief. I just wanted . . .

**The Chairman:** Was there a precedent established this morning?

**Mr. Honey:** I think a precedent was intensified or enlarged this morning, but I am not being critical. I think it was good and I think this has been a very good meeting. Mr. Chairman, as a member of the Committee and as a member of Parliament not coming from Prince Edward Island—by that I mean not representing or knowing a great deal about the Prince Edward Island area—I thought that maybe one of Mr. MacDonald's comments might be unfair to him and to others of us here when it appears in the record, when he, I am sure, very accurately and graphically outlined the political situation in Prince Edward Island and the very close balance there, both federally and provincially. However, I am concerned about the implication—if I am not correct in this, I know Mr. MacDonald will not hesitate to comment—that the plan—I emphasize that I am sure all of us in Canada as well as the people of Prince Edward Island, while they may have and we may have concerns about the implementation, the details and so on, are anxious to see it succeed—might become or would become an issue in the next provincial election. This implication causes me to comment that I hope it will not, but if it does this will be fair because as witnesses said things of this complexity and magnitude must have essence, must essentially be involved in the political process. I just express the opinion that I know the people of Prince Edward Island will look at it objectively and that while their quarrels may be with details, with objectives and with the manner in which they are to be achieved, that there will be—I think I express the opinion of this Committee—a real effort made for this plan to succeed.

**The Chairman:** Thank you, Mr. Honey.

**Mr. MacLean:** Mr. Chairman, could I say a few words by way of a comment? I say this to the witness in all kindness because I have lived all my life in Prince Edward Island and am thoroughly familiar, I think, or as familiar as the average person is with the feelings of Maritimers and the Islanders, generally. There is a feeling that there is not enough attention given nor has there been over the years to the detrimental impact of national policies on the less fortunate areas. I do not deny that they are partially responsible for the economic mess they are

• 1155

in, as provinces, but there is a feeling—perhaps unjustly, I make no judgment on that—that for years the nation has bled the area white and then eventually they rush up with a small blood transfusion and say, “Now we are going to keep you alive a little longer, but, of course, you are going to be everlastingly grateful, are you not”? That is the sort of feeling, whether it is justified or not, that is prevalent in the area. I would like to see an outlook which would accentuate the feeling that there is economic opportunity in the Maritime Provinces because I believe there is and having achieved a reasonable degree of that, recognize that it is one of the finest areas in the world in which to live. People should accentuate the benefits of having the opportunity to live there so that an attitude of optimism and working together can be developed, rather than the tendency that exists so often of feeling that they are poor relatives who cannot ever hope to share fully in national development which I think that is wrong.

**The Chairman:** Mr. MacLean, I hope that your cynicism is not a reflection of the people in P.E.I. I look at it from a very optimistic point and I do not see it the same way as you do. Again, that is just an opinion that I hold.

**Mr. MacDonald (Egmont):** Could I raise a question or two?

**The Chairman:** First of all, I want to ask the witness whether or not he can spare us a few more minutes. He said he was free until 12 o'clock and I notice we have reached that hour. If you can ask your questions quickly so the witness will not be—

**Mr. MacDonald (Egmont):** I agree with Mr. Honey that we have had a lot of statements and I have certainly contributed my share. However, I do want to raise some questions, if not today then some other time and while this may be a surprise to people, there are some specifics about the plan that I would like to raise. We have had a fairly general discussion; we have commented on everything from national fiscal policy to—

**The Chairman:** Can you complete your questioning in five or ten minutes?

**Mr. MacDonald (Egmont):** Perhaps I could ask some of my questions and if he cannot answer them today, they could be answered later. How is that?

I understand, for instance that the plan started today, April 1, 1969, is that correct? Apparently there are some bodies that are to be responsible for its administration, one is the Federal-Provincial Joint



Advisory Board, another is the FRED Board, there is a person called the Plan Co-ordinator and provincially there is the Deputy Minister of the Department of Development. Can you indicate who, for instance, makes up the advisory board at this point?

**Mr. Saumier:** Mr. Chairman, the Advisory Board as envisaged under the agreement, is composed of an equal number of senior federal and provincial civil servants. I know our Minister forwarded some days ago lists of federal nominees for this Board to the Government of P.E.I. and we are now waiting for the Government of P.E.I. to produce its own list of nominees on the provincial side, so that I believe this matter is well in hand. On the federal side, I can assure you, Mr. Chairman, that they are all, indeed, very senior federal civil servants.

On the administrative side, if you want, we have had in P.E.I. for over a year now a fairly senior federal civil servant. Mr. Hector Hortie, who is our federal administrator. He has been intimately associated in the preparation of the plan; he is fully aware of what is in it and possibly he is even known to yourselves. On the provincial side, there is proposed in the plan the creation of a new department which will be called the Department of Development, the Deputy Minister of which will be immediately responsible to the Premier. I must say I do not know whether under their own statutes in P.E.I. a department has to be created by the legislature or by an executive order, as it were. It has to be created by statute and I understand that there is a whole raft of legislation which is scheduled to be tabled before the legislature

• 1200

upon its meeting which has already taken place, I gather. I do not have recent information on the exact contents of this proposed legislation, but I have been told that these matters of immediate urgency will be taken into account and will be dealt with in these various pieces of legislation.

**Mr. MacDonald (Egmont):** Since all of this is still in a state of being pulled together in terms of the various groups and individuals that I have mentioned, perhaps to speed things up we could ask the witness to provide us with the information at a later meeting.

**Mr. Saumier:** We will be very pleased to do so.

**Mr. MacDonald (Egmont):** Both in terms of personnel and functions. It is generally referred to here, but I think it will help to have some specifics.

I am no economist and I have tried to look at these figures and understand where they fall and how they break down and I gather that at the end of this document the detailed financial breakdown is

for the initial seven-year period. Earlier in response to Mr. Cyr, you mentioned the difficulties in trying to answer this, but I think it is important to have an answer, to what extent this money is new money or whether it is money that is being accounted for, that is presently in programs that have been in operation, such as the Manpower Program. We have talked about maximum figures each year in terms of what can be expended, but I think we should know what is likely to be the kind of expenditure on the year-by-year basis, realizing that the estimates are plans and there will be changes in the structure with regard to federal and provincial contributions on this.

I think, as well, it will be important to know at what stages financing can be renegotiated, because obviously it is impossible to accurately predict the effect of spending in various sectors, its impact and its return value. There must be points at which it is agreed that financing or negotiating and financing can be handled.

Further, I think there is need for some clarification about the loans that will be made to the province; the basis on which these loans will be received. The terms should be indicated here but not in any detail, the terms of repayment, which surely will be very important as against the current very heavy load the province carries with its own provincial debt for which the plan, as you suggest, assumes no responsibility. It is a responsibility in the financial structure of the province and will have to be accounted for in some way, I think.

As I say, I just put all this out; it is in the record and hopefully we can have some kind of a detailed written submission on this so that kind of information will be available. I tend to think that it would need to be more written as well as our having some opportunity to clarify the information with the department.

**Mr. Saumier:** Possibly, Mr. Chairman, I can respond to some of the questions. The first one was how much really new money are we talking about? We asked this question ourselves and we were asked this question by the provincial government, and by various federal institutions as can well be imagined.

I think I must say that there is in fact no way of arriving at a precise figure even if all we had to deal with were the existing programs. It all depends on the kind of curve that you assume, or rate at which you assume these existing programs will either go up or will go down as the case may be, usually they tend to go up. It also depends upon what we might call the rate of participation of the province and its population in these programs. The Manpower Program is a clear case in point, but there are a number of other programs.

As a first approximation, and a clear one, the amount of money coming out under the agreement from the FRED fund represents clearly and without any doubt new money, this is clear. Once we move beyond that we get involved in a number of very grey areas in which, in order to arrive at any meaningful kind of answers, one has to evolve a whole set of hypotheses and depending upon which set of hypotheses you select you come up with answers which vary considerably and which are for that reason fairly meaningless. As I said, we went through this exercise, as I recall, about three times trying to compare money to be spent under existing programs, money to be spent under the new program, and new money and existing money. We came to the conclusion that it was in fact impossible to arrive at a precise answer to this question. So I am afraid, Mr. Chairman, to some extent your question will have to remain frustrated from that point of view.

● 1205

**Mr. MacDonald (Egmont):** I can see that there are real difficulties and that perhaps it will be an approximation. However, surely both federal and provincial governments each year must provide estimates for their expenditures for that year. It is not a question mark in the Blue Book, it is a definite figure. What I am asking for is some breakdown of that figure with respect to the kind of estimates the province and the Government of Canada will be making with regard to implementing this plan.

**Mr. Saumier:** You mean for this first year?

**Mr. MacDonald (Egmont):** For the first year, also, I believe the estimates now are going to ask for projections. So presumably you could give some pretty specific figures for the first year as well as what might be called reasonable projections for the following three years.

**Mr. Saumier:** Well, Mr. Chairman, as I say, we can attempt to do that, in fact we have to do that. However, I would stress the point that in doing so we will not necessarily answer your first question, namely, how much new money will be spent in P.E.I. The projection of existing programs under the agreement and programs envisaged under the agreement has to be done as a matter of management. These projections, to the extent that is possible under various regulations, can be made available to the committee. This will not necessarily answer the first question which was, how much new money will in fact be spent under the agreement.

Another point was raised as to what extent the financial figures mentioned in the agreement are firm. You will note, Mr. Chairman, that the PEI agreement is in a way unique among the FRED agreements that we have signed so far, in that it is

composed essentially of two documents. There is for the fall an over-all agreement with a very long-range outlook, namely, 15 years, and in very broad terms.

There is attached to this over-all agreement what is called a memorandum of implementation which specifies the financial commitment of the federal government for a first period. No financial commitments can be made under the agreement unless they are made by either amendments to the existing memorandum or through new memoranda implementation as the case may arise. So that, at least after the period of seven years, even possibly earlier, there will have to be a new negotiation for financial figures.

In the agreement or the memorandum, I forget which, there is also foreseen in one of the two documents the necessity for a review after a two-year period at which point we are in theory free to re-open the agreement; we are in theory free to re-open the whole question of financial constraint. We will then be able to call upon not only theoretical considerations but also to assess the situation of PEI and the federal government, which is not entirely irrelevant in this exercise, and in two years time to determine what, if any, new financial arrangements may be made to implement the plan.

**Mr. MacDonald (Egmont):** There are a number of other questions which I am reluctant to push on to. I have mentioned this as another area in which I hope we will have more detailed information. In the evaluation aspects of the plan, you talked about the technique for area planning. Now I read this quite quickly but it did not become obvious to me how this method functions with respect to evaluation, a very important part of any plan implementation. Again perhaps we could have some detailed explanation of that.

As well, there seems to be an inconsistency in your treatment. This may be my misreading of the plan, but fairly specific recommendations are laid out with regard to farmers who reach age 60 and want to retire early; they are provided for. There is a reference as well to the reduction of the number of fishermen. However, unless I missed it, there was no similar kind of plan suggested with regard to dealing with the people who may be in this age bracket and who would not be normally considered for retraining in a new kind of employment. Is this part of the plan?

● 1210

**The Chairman:** Excuse me, David, if you are going to be any length of time maybe we should adjourn this meeting until after the break when we could spend more time on it, unless Mr. Saumier can clarify it for you in a few minutes.

**Mr. Saumier:** Well I am afraid, Mr. Chairman this is a rather involved issue that requires fairly lengthy consideration.

The Chairman: That is fine. Let us adjourn, then, until after the break and then perhaps he will come back for another session.

Thank you very much, Mr. Saumier, Mr. August, and Mr. Franklin. Thank you in that booth and you on the microphones, too.

---





HOUSE OF COMMONS

First Session—Twenty-eighth Parliament  
1968-1969

---

STANDING COMMITTEE

ON

# REGIONAL DEVELOPMENT

*Chairman:* Mr. JOHN MORISON

---

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 12

---

TUESDAY, APRIL 22, 1969

---

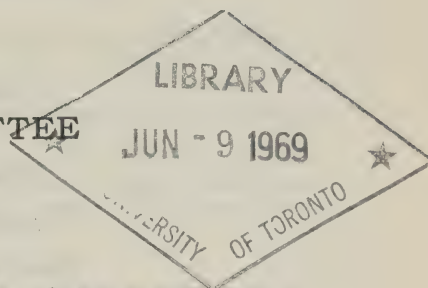
Estimates (1969-70) of the Cape Breton Development  
Corporation.

---

WITNESSES:

*(See Minutes of Proceedings)*

THE QUEEN'S PRINTER, OTTAWA, 1969



STANDING COMMITTEE  
ON  
REGIONAL DEVELOPMENT

Chairman: Mr. John Morison

Vice-Chairman: Mr. Alexandre Cyr

and Messrs.

Blouin,  
Broadbent,  
Comtois,  
Gauthier,  
Honey,  
La Salle,

Lundrigan,  
MacDonald (*Egmont*),  
<sup>2</sup> MacInnis (*Cape Breton-  
East Richmond*),  
<sup>1</sup> Muir (*Cape Breton-The  
Sydneys*),  
McGrath,

Nystrom,  
Robinson,  
Roy (*Laval*),  
Serre,  
Smerchanski,  
Sulatycky,  
Whiting—20.

(Quorum 11)

R. V. Virr,  
Clerk of the Committee.

Pursuant to S.O. 65(4) (b)

<sup>1</sup> Replaced Mr. Macquarrie on April 21, 1969.

<sup>2</sup> Replaced Mr. MacLean on April 21, 1969.



## MINUTES OF PROCEEDINGS

TUESDAY, April 22, 1969.

(12)

The Standing Committee on Regional Development met this day at 9:55 a.m., the Chairman, Mr. Morison, presiding.

*Members present:* Messrs. Blouin, Broadbent, Comtois, Honey, MacDonald (Egmont), MacInnis (Cape Breton-East Richmond), Muir (Cape Breton-The Sydneys), Morison, Roy (Laval) (9).

*Also present:* Mr. Forrestall, M.P.

*Witnesses:* From Cape Breton Development Corporation: Mr. Robinson Ord, President; Mr. D. H. Fullerton, Chairman; Mr. Gerald Blackmore, Vice-President; Mr. J. F. Doucet, Vice-President, Industrial Development; Mr. K. M. Pack, Assistant to the President.

The Committee had for consideration the estimates of the Cape Breton Development Corporation.

The Chairman introduced Mr. Fullerton who in turn introduced the officials of the Corporation.

Mr. Ord made a brief statement regarding the opening of the Langan Mine and the implementation of the Pre-retirement Leave Plan.

Thereupon the officials responded to questions of the members.

At 12.01 o'clock p.m., the Committee adjourned to the call of the Chair.

R. V. Virr,  
*Clerk of the Committee.*



## EVIDENCE

*(Recorded by Electronic Apparatus)*

**Tuesday, April 22, 1969**

• 0956

**The Chairman:** Gentlemen, now that Mr. MacInnis is all ready to go I think we should start.

The gentlemen from the Cape Breton Development Corporation want to get back, if they can, this afternoon. I will have Mr. Fullerton introduce the executive of the Cape Breton Development Corporation, Mr. Ord will make a statement and then the committee will be open for questions. Mr. Fullerton?

**Mr. D. H. Fullerton (Chairman, Cape Breton Development Corporation):** May I start off by introducing Mr. Robinson Ord, President of Cape Breton Development Corporation; Mr. K. M. Pack, Assistant to the President; Mr. Gerald Blackmore, Vice-President for Coal; and Mr. F. J. Doucet, Vice-President of Industrial Development.

It is not my intention to become too involved in the discussion today. The gentlemen from Sydney are present and they are on the firing line. I would appreciate it if the bulk of the comments could be aimed at them.

There is a brief but fairly important statement to be made by the President now.

**Mr. Robinson Ord, (President, Cape Breton Development Corporation):** I do not want you to think we staged this so that we could make a statement at this meeting. It so happens that in the last few days the coal division has been doing a lot of calculations based on the options for pre-retirement leave, and we would have made a statement about it before the end of this week. It seemed to us that it would be kind of pussyfooting on our part if we said nothing about it here and then came out with a statement two days later. For that reason we crave your indulgence.

Mr. Chairman and gentlemen, you may recall that when we appeared before you last November our overall plan for the conduct of

our future operations had just been accepted by the Government and tabled in the House. That plan is reprinted in the Second Annual Report of the Corporation, submitted to the Government on March 31st and tabled on April 14th. We have some extra copies. I thing you all have copies, but if any are needed we have some here.

The main emphasis in the plan, of course, was the programme for the reorganization and modernizing of our coal mining operations.

Today, I would like to make a statement about two particular aspects of the plan, namely, the opening of the Lingan mine and the implementation of the Pre-retirement Leave Plan and certain consequences which will flow from it.

On Lingan, our engineering and development studies have now progressed far enough for us to set a date for the formal beginning of work on the new mine. That date is June 18th, about two months from now. We are confident that Lingan will prove to be an economic and viable operation, and will make possible the continuation of coal mining on Cape Breton for a long time to come.

The Pre-retirement Leave Plan will go into effect on April 26th. The essential facts are these:

There are 1,515 men in the 55-64 age group out of our total work force of about 5,800. Of the 669 men in the 60-64 age group, all will retire on April 26th, except for men retained for various periods for special reasons. For those in the 55-59 age group, retirement was optional, with the deadline for decision April 11. Excluding those the Corporation wishes to retain, there were 690 in this group who had the choice of staying at work or going on the Leave Plan.

You will be interested to note that of these 690 people aged 55 to 59, 529, or 77 per cent, chose to accept the plan. Such a high percentage in the younger of the two age groups suggests clearly that the Plan has been well received by most of our employees.



In summary, therefore, the total number of men who will be joining the Plan now is 1,113, approximately the total working force at one colliery. In these circumstances the only sensible way to run our coal operations is to begin now to phase out one of the mines.

After a careful analysis of all relevant factors, including current results, prospective trends, market requirements, and the need for obtaining maximum efficiency, the Corporation has decided that No. 20 Colliery will be phased out over the next few months. The first transfer of 124 men from No. 20 to No. 26 will take place with effect from Monday, April 28th. Further men will be transferred every week to No. 12 and No. 26 collieries until about 375 men are left in No. 20. These men will continue operations at a much reduced level, and will remove equipment which can be economically salvaged. By the time the drifting on the four Langan openings is in full swing late this year, the remaining men at No. 20 can be transferred to other work and the mine closed.

I might add that the opportunity provided by the over-all redeployment of men will allow us to correct a situation which has existed since No. 18 closed. At that time New Waterford men were sent to No. 20 and No. 26 collieries. I do not know whether you all know of this, Nos. 20 and 26 are at Glace Bay, and No. 18 is at New Waterford. During the course of the redeployment, 115 New Waterford men now working at No. 26 that is, in Glace Bay, will move to No. 12, back to New Waterford; and 37 New Waterford men at No. 20 will shift to No. 12.

This projected closure is in accord with the over-all plan document approved by the Government, and satisfies all legal requirements. The Corporation is confident that, given the co-operation of all concerned, this major step in the coal program will go smoothly. We repeat the undertaking which has been given to the Unions, and stated publicly many times, that no men now fully employed will be permanently laid off without being offered the Pre-retirement Leave Plan or reasonable alternative work. By these means the long term objective of securing for the Island a smaller but commercially viable coal industry can be achieved with a minimum of economic and social dislocation.

Thank you, Mr. Chairman.

**The Chairman:** Thank you, Mr. Ord.

Gentlemen, are there any questions on that statement, or do you have any questions for the executive?

**Mr. MacInnis (Cape Breton-East Richmond):** Mr. Chairman, I will take this opportunity to ask a few questions about my main concern which is the compulsory retirement of those men in the 60-65 age group. My approach has always been to object to this particular aspect of the pre-retirement leave plan.

There was an announcement about No. 20 Colliery and the transfer of the workers in No. 20 to No. 26 and of others back to No. 12 in New Waterford. I did not understand Mr. Ord to mention any specific date on which No. 20 would actually close. I realize that the actual closing out of the mine will take some considerable time, and reference was made, I think, to 375 men being left in No. 20. Have you a particular date on which you expect to stop production, or at what point in your program do you expect to get down to 375 men in No. 20 Colliery?

**Mr. Ord:** It will be down to 375 by the end of July, 1975; probably complete closure by the end of the year.

**Mr. MacInnis (Cape Breton-East Richmond):** Mr. Chairman, I wish to go back to the Pre-retirement Leave Plan and my objections to the compulsory retirement of new between the ages of 60 and 65. Would whoever cares to answer the question concede that the Pre-retirement Leave Plan did not become official until the seventeenth of this month? Would it be fair to ask you to concede that point?

**Mr. Ord:** It is not so. As a matter of fact, Mr. Pack, has been involved with this more than anybody. Perhaps he can explain it.

**Mr. K. M. Pack (Assistant to the President Cape Breton Development Corporation):** Mr. Chairman, it is my understanding that the day Treasury Board approved of the by-law of the Corporation was the day on which the Corporation could have made payments on the Pre-retirement Leave Plan. As has been said earlier, no payments are contemplated until April 28.

**Mr. MacInnis (Cape Breton-East Richmond):** Does it not follow that the approval of Treasury Board was necessary before the Pre-retirement Leave Plan could become official? There is nothing in Section 18 (3) of

the act that has anything to do with the payments. It says:

No by-law shall be effective until approved by Treasury Board. Therefore, the inference to be drawn here, and in the House, that it is only in reference to payment, is not a correct one. If you turn to the bill you will find that there is no reference whatsoever, other than to the effect that the Treasury Board must approve before the Pre-retirement Leave Plan can become official.

**Mr. Ord:** Mr. MacInnis, we have done quite a lot of checking on this, because it is a very important point. We are told by the Department of Justice that we are legally correct.

**Mr. MacInnis (Cape Breton-East Richmond):** By whom in the Department of Justice, Mr. Pack?

**Mr. Pack:** I would prefer to answer that, Mr. Chairman, by saying the appropriate officers who normally deal with our Corporation.

**Mr. MacInnis (Cape Breton-East Richmond):** By this you do not mean the Minister?

**Mr. Pack:** No; we do not consult the Minister directly, Mr. Chairman.

**Mr. Ord:** It might make it clearer, Mr. MacInnis, if we point out that the letters that were sent to the men were not legally required. They were courtesy letters, if you will. It made all sorts of sense for us to send them, but we did not legally have to send those letters.

**Mr. MacInnis (Cape Breton-East Richmond):** I may have mistakenly referred to official notice, and I am corrected on that. It is a courtesy letter. But, gentlemen, I would ask you to consider your position. You send out a letter compulsorily retiring men between the ages of 60 and 65. In other words, you sent out a letter saying, "Your services are no longer required". Who else but a Crown corporation could refer to such a letter as a courtesy letter. It is ridiculous to call a notice of termination of employment a courtesy letter. I know that the people who accept this plan voluntarily have a two week period in which to make their intentions known and then later on, excepting this time, they have another opportunity.

I would ask you to give consideration to this in respect of the numbers involved. I

know that the union and people have been making representations at Devco that possibly they could take into consideration those miners who have been injured and are going about their work today under some considerable handicap and others that are not too well. Could the numbers not be made up from among these men rather than compulsorily retiring those in the group between 60 and 65? I realize that the plan is very well accepted. My arguments are on behalf of those people who do not want to accept it. These people are very few in number—I do not know how many there are—and your own figures bear this out. Seventy-seven per cent of those in the age group between 55 and 59 are willing to accept this. This is an indication that it is very popular. But you go on to say that if the choice were given in the older age group, between 60 and 65, the percentage would be that much higher. I think the number 669 was used as the total number of employees in that particular age group. If the number who would accept it voluntarily were much higher, as you indicate, or considerably higher than the 77 per cent, there would be very few men affected.

Now why this callous attitude to bump these men out? Why can they not be given consideration? There are very few of them and what you are actually doing here is starting discrimination right within government against these older workers when government itself, on the other hand, is appealing to private industry to do what they can to keep and to hire older workers. Here we have a government agency, where very few people are concerned, starting a policy of discrimination among these workers. Again I repeat, I do not know how many wish to stay on. I know that I have been approached only by two miners. I know of a third. I am talking about miners, I am not talking about those people in the railway unions who, because of their earning power in their peak earning years, do not wish to go. I am talking about miners. Now, I realize that under certain circumstances these men can go to their union and the union can make an appeal, provided they have obligations which they must live up to, and that Devco will take this into consideration, but in the name of heaven, gentlemen, with only so few men involved—you say so yourself—and the possibility of making these numbers up with the injured that are working in and about the mines, why can you not allow them to continue to work? If you



feel your plan is going to be so well accepted why start this discrimination? And when I refer to it as discrimination I would also refer to the fact that the Minister made the statement in the House that the notices could be recalled. Of course, again, this was when he was probably under the assumption, as I was, that they were official notices. But he has indicated that they could be recalled. He has also indicated that despite what may be said by the Parliamentary Secretary and what may be said by others in respect of this plan that was put forward on October 1 and referred to by the Minister on October 3 as being one that was being studied, the plan nevertheless said it had the approval of government. The Parliamentary Secretary last Thursday evening said that government had indicated approval of this on November 18. I have it in *Hansard* right here where the Minister indicated on April 18 that government did approve this program. Nevertheless, the Minister himself indicated on January 14 and 15 that they were still negotiating this plan with unions that were involved. I could refer also to another remark made by the Minister on January 14 but possibly in the interest of accuracy I had better find out what he did actually say on the 14th. On the 15th he referred to the fact that they were still negotiating and on the 14th, in further reference to the plan...

**Mr. Fullerton:** January.

**Mr. MacInnis (Cape Breton-East Richmond):** Yes, on January 14 and 15 the Minister did make reference to these plans. I do not have January 14 and 15 with me here, but the Minister indicated that this plan was still being negotiated with the union. So this is more or less a denial of what was implied as recently as last Thursday by the Parliamentary Secretary who said: On November 18 the Minister said this was definitely approved by government. Well this is not the case because even the Minister himself has indicated he has been negotiating since then. Again I would appeal to you gentlemen. I have no objections whatsoever to the plan; I do object however to the form of discrimination that is being started under a Crown corporation when government is going off in other directions and appealing to private industry to keep the older workers employed. Obviously somebody in the corporation has worked out just what number of people would like to stay on. Again I say I am only aware of two

miners who have called me and said that they are not in a position and do not wish to accept this. The fewer the number the easier it should be for you to accept the idea. As I say, the unions are pressing to have some of those men who are in and about the colliery and who have suffered injury included. The numbers that probably would stay on in the 60 to 65 group could be very easily made up from the groups of injured miners in and about the collieries who are of a younger age.

**Mr. Ord:** Mr. Chairman, if I may speak to that, when the plan was made we wanted to be sure that it was effective and we also wanted not to discriminate, so we established the same ground rules for one group and the same ground rules for another group. We are not at all callous about it. You have said, and this is correct, that where there are hardship cases these will be dealt with, that the union will make representations to us and we shall be as flexible as we can, but there was nothing in the plan that was intended to discriminate in any way—it was rather the contrary.

Now I do not really think that either of us can add to this at the present time. I think we have to see how it is all going to work out. We think it will work out very well. As I say, if there are hardship cases they will be dealt with in a reasonable way.

**Mr. MacInnis (Cape Breton-East Richmond):** I understand that, Mr. Ord. I am not quarreling with that. I do however go back once more to your own figures, that 77 per cent of those in the 55 to 60 age group have indicated a willingness to accept this plan. You yourselves have indicated that if a choice were given in the 60 to 65 age group the percentage would be even higher. Has anybody taken the time out to figure just how many people in that group would stay on if given the choice? I do not understand this. You have already indicated that the percentage in that area would be much higher. Again, I do not know how many people I am speaking on behalf of but I know that I am speaking on behalf of at least two miners and a number of railwaymen.

Now, if this is the case, why is it that the decision of the Minister himself has been brought into question—because he said this plan would be further negotiated and was renegotiated on January 14 and 15. Why is it that on January 14 the Minister indicated that the company herein, referring to Devco, cer-



tainly would and should honour the agreements in existence at the time of take-over? And the agreements in existence at the time of take-over provided in writing for some of those affected, a retirement age of 65, and if not in writing in respect to the miners, certainly in the practice that has been carried on for a number of years. Mr. Marchand is on record as stating that the agreements should be recognized and honoured. If this is not the case, Mr. Marchand himself is going to look rather ridiculous in that he stated that you should honour these agreements.

There is no question or doubt about the agreements as far as the Cumberland Railway is concerned. And I might say, Mr. Ord, that there are employees of the Cumberland Railway who have letters signed by yourself and Mr. Clubb, then President of the Dominion Coal Company Limited, to the effect that they would be expected to carry on as employees of Devco as was the case with the Dominion Coal Company Limited, with the same privileges and agreements in existence at that time. They have that letter in their possession, signed by yourself and Mr. Clubb. Gentlemen, why cannot these men in the 60 to 65 year age group be given the benefit of the doubt? Their percentage, as you say, is going to be very high. Why not give them the opportunity of opting in or opting out, as the case may be?

**Mr. Ord:** Mr. Chairman, I am not quite certain of this, but I think the statement the Minister made with regard to honouring the union agreements was in a different context. It had to do with representation rights and whether or not another group could switch from the UNW to a different union. I think that was the context in which that was made, and not anything to do with this.

**Mr. Fullerton:** I would like to make the point that no man is being retired. This is a simple statement of fact, and I will just leave it at that. These men are going on a pre-retirement leave plan. They are not being retired.

**Mr. MacInnis (Cape Breton-East Richmond):** Mr. Chairman, I do not want to dominate the Committee hearings, but Mr. Fullerton has just opened up another can of worms, so to speak. If we want to get into discussing whether this is retirement, whether it is a pre-retirement leave plan, or whether it is a pension, this opens up an entirely new field of questioning. And in following through on

this question, I might be able to come up with something that would throw cold water on it, such as last week in the House when, despite all the high-priced help that is available to both the government and to Devco, they were not aware that the simple mechanics of putting this plan through had been carried out. And it was not until it was brought to their attention in the House last week that they finally got around to following through on the mechanics of this.

If we want to get into this pre-retirement leave, there are many questions to be asked. I could start off by asking questions with respect to the fact that it has been supplemented by the UIC and at the same time there is such a thing as outside earnings. Anybody on this pre-retirement leave plan is given the opportunity to earn \$50 a month which he can keep for himself, and anything over \$50 a month would be broken down on a 50-50 percentage, and 50 per cent of this is to be employed against the reduced benefits. Is that not right? Fifty per cent of everything he earns over \$50 would be applied to reduced benefits?

**Mr. Fullerton:** Yes.

**Mr. MacInnis (Cape Breton-East Richmond):** You give him the opportunity for this outside work, and yet in your letter of March 26 you make it quite clear to anybody who is thinking about earning money outside that the conditions in Cape Breton will hardly permit it.

Would anybody care to comment on that, and on the fact that this is exactly what you have in your pre-retirement leave plan? And yet in the questions and answers which you have attached to the notice letter, you have made it quite obvious that the opportunity to earn anything by way of outside earnings in Cape Breton is very limited because of the employment situation there. So you are telling the retiring miners that something is available to them, and then when you assume what the questions put to you in respect to this particular plan will be, you answer that the opportunities for outside earnings in Cape Breton are very limited.

**Mr. Ord:** I do not understand that question at all. We thoroughly discussed this whole point at the last committee meeting we attended, Mr. MacInnis.

**Mr. G. Blackmore (Vice-President, Coal Division, Cape Breton Development Corporation, Sydney N. S.):** Mr. Chairman, in answer to the question put by Mr. MacInnis, I believe we might well be getting this out of context. One of the great concerns of the union members was that since their benefits were made up of those from the Unemployment Insurance Commission plus a supplement from the Corporation, what would be their position if the UIC offered them alternative work which they did not wish to accept? And it was for that reason that there was the specific question and answer. I would agree with Mr. MacInnis that it would be highly unlikely that there would be regular full-time employment for the people in the 60-65 age group. However, from time to time, particularly during the summer season, I think it will be very probably that many of these people will be able to pick up casual work, and some of them might wish to do so. I think the question and answer was put in to make the position perfectly clear with respect to full-time employment. The provision in the pre-retirement leave plan for men being able to work as chiefly to cover casual employment, and I think this is where we must differentiate between the two points.

**Mr. MacInnis (Cape Breton-East Richmond):** Mr. Blackmore, you have just used the argument I put before you some time ago in Sydney when you refer to the opportunity for these pre-retired miners to possibly pick up during the summer months in that area earnings that supplement the pre-retirement leave plan fund. However, at that time I asked that because opportunities of earning money were probably much more available in the summer months than over a 12-month period, rather than setting the allowance at \$50 a month, why not make it \$600 a year?

Now you are supporting the argument I put forward at that time. If a person was given the opportunity to earn \$600 a year, he might do that in a period of two or three months, say from spring to fall. But you would not accept this. You insisted that the \$50 a month be across the 12-month period, and this is further discrimination against the man who possibly could pick up some outside work.

**Mr. Blackmore:** Mr. Chairman, I believe this conversation took place informally in my office, and I am perfectly satisfied I was not dogmatic about the \$50 a month. I think this

conversation took place some three or four months ago, and at that stage we had not gone into the details of whether it was \$50 a month or \$600 a year. There has been no statement made by the Corporation, and there is nothing in the questions and answers dealing with this specific point.

**Mr. MacInnis (Cape Breton-East Richmond):** Since it was brought up, why was it not dealt with then? These are your own questions and your own answers. Why could they not have made an allowance of \$600 a year rather than \$50 a month, knowing full well that the person's opportunity of earning any money rests within that period between the spring and the fall of the year? Again, you refer to your own questions and answers, and you provide both the questions and the answers.

First of all, it is conceded that the opportunity for outside earnings is \$50 a month, and then anything earned over \$50 a month is divided on a fifty-fifty basis, 50 per cent kept by the individual earning the money and 50 per cent applied against reduced earnings. Is that not right?

**Mr. Blackmore:** That is correct, sir.

**Mr. MacInnis (Cape Breton-East Richmond):** On your questions and answers, page 7, question 28:

If a participant in the Plan is offered work by Canada Manpower, what does he do? Answer: Regarding the potential employment background in Cape Breton, prospects of such a position is unlikely.

Why in the name of heaven in such a plan do you imply that a man can go out and earn something to supplement this retirement fund, and at the same time as you are providing questions and answers you say that the possibility of earning anything outside is unlikely? I think it is a very unfair approach to take towards these men who do not wish to retire. Again I come back, and I will come back every time, to the fact that you say 77 per cent of those in the 55 to 60 age group want to retire and that the percentage in the 60 to 65 age group would be even higher. Why not give them the option of staying on or leaving? There are not that many people involved; why discriminate? I do not care what interpretation you put on the remarks of the Minister; the fact remains that what he said in the House of Commons still stands.



This has been negotiated and that agreement should be lived up to.

I think you will admit again, Mr. Ord, that your name is on the piece of paper along with Mr. Clubb indicating that the men who worked for the Cumberland, I am speaking of here, would continue on as employees of Devco under the same written agreement. If that was not written into the letter the implication was there that their conditions of employment would remain the same.

Whether the retirement of the miners was written into the general agreement I cannot say, but it has always been the principle.

**Mr. Broadbent:** Mr. Chairman, may I ask a supplementary question of the witness? It seems to me that at least one very good point has been made. Quite apart from other aspects of the question, if there were quite a few people involved who would have decided otherwise, why was it not made optional?

**The Chairman:** I rather hoped, Mr. Broadbent, that Mr. Blackmore would have a chance to answer that question, and that is why I tried to interject so that Mr. MacInnis could have his question answered.

**Mr. Blackmore:** Mr. Chairman, if I can come back to part of the content of Mr. MacInnis's last statement, and refer again to page 7 on the questions and answers, I covered this point in my first statement but I think it has to be clarified again. We feel that it is highly unlikely that the Department of Manpower and Immigration could make available jobs of a permanent nature for these people. We would say that if any of the men who are compulsorily put onto this scheme...

**Mr. MacInnis (Cape Breton-East Richmond):** On a point of order, Mr. Chairman, I would ask Mr. Blackmore to turn to his own questions and answers. In question 28 there is no mention of permanent employment. I repeat and I will spell it out:

Question 28. If a participant in the Plan is offered work by Canada Manpower, what does he do?

Answer: Regarding the potential employment background in Cape Breton, prospects of such a position is unlikely. If it should arise, Devco is prepared to discuss the circumstances with the appropriate authorities.

There is no mention whatsoever about Manpower offering permanent positions.

**Mr. Blackmore:** Would I be correct, Mr. Chairman, in thinking that the jobs Canada Manpower are concerned with are permanent jobs?

**Mr. MacInnis (Cape Breton-East Richmond):** No, you would not.

**The Chairman:** Mr. Blackmore, there is one question I think Mr. Broadbent has brought up and I certainly have a question about it. Mr. MacInnis has asked a number of times why, if there are only a half a dozen or a dozen old men that want to work in the mines, cannot positions be found for them. That is your question, is it not, Mr. MacInnis?

**Mr. MacInnis (Cape Breton-East Richmond):** No, that is not my question. I will explain. These men are in the mine now. They do not have to go looking for positions for them; just leave them where they are.

**The Chairman:** That is exactly what I said. There are a half dozen or a dozen men, maybe, that want to continue working. Is there any reason why they cannot be found jobs in that mine? What is the basis behind your thinking?

**Mr. Blackmore:** I think, Mr. Chairman, we have to recognize that we are now, today, looking at something based on an historical background. When the officers and Board of Devco considered this scheme they felt it was absolutely vital to make the scheme compulsory for this age group to achieve the objectives set out in the plan. The objective in the plan was very simple, that the size of the industry in the first place should be phased out, but subsequently the word becomes phased "down". We noted that the Act specifically provided that the mechanism to assist the phasing down of the industry was provided for in Section 18 (2) which is the provision for benefit on layoff or early retirement.

In the process of building this scheme up to achieve the objective which was set for the Corporation by the government we said that in order to make this really operative and meaningful we must make sure that a certain number of people go out. Maybe, in the course of time, and statistics now show this, the point could well be made that this was not necessary. However, in practice to achieve the objectives set for the Corporation and to use the mechanism provided for by the



Act in the view of the officers and the Board of the Corporation this was the right policy. This was submitted by the government and tabled in the Commons on November 18 and after that time, certainly the officers and, I believe, the Board felt they were bound by what the government had agreed to.

**Mr. MacInnis (Cape Breton-East Richmond):** Mr. Blackmore, if we are going back November 18 again we can go back to October 1 and, if necessary, we can go to the legislation and you are not necessarily properly interpreting the legislation. If you want to look at the Act, read the preamble.

Getting back to what you said the government did on November 18, this is not necessarily the case. The Minister on a number of occasions in the House in answer to questions in respect of this retirement plan itself has indicated otherwise and the referred to approval of the government did not come about until Thursday of last week, April 17. To say that this was official prior to April 18 is wrong. You are even misinterpreting what Section 18 of the Act says. If need be I will look it up and quote what subsection (3) of Section 18 says:

(3) No by-law made under this section has any effect unless it has been approved by the Treasury Board.

Your notice letter and your Pre-Retirement Leave Plan, tabled in the House on November 18 and presented to the government on October 1, is not official and did not become official until I made the fact known to the government that they did not even follow the simple mechanics of putting it through.

**Mr. Fullerton:** Cool down, Mr. MacInnis.

**Mr. MacInnis (Cape Breton-East Richmond):** Now that we are speaking about cooling down, Mr. Fullerton, I want to tell you that the ladies present prevent me from going directly to the quotations. Among other things I have been called a liar in respect of this thing and I have been called a pig. You know what kind of a liar I was called. I do not propose to have anybody here or in the House of Commons tell me what are, in effect, not the facts of the case. It is reported in *Hansard* that this plan was not given approval of Treasury Board until April 17.

**Mr. Honey:** Mr. Chairman, on a point of order if I may. I recognize the sincerity with which Mr. MacInnis argues his case, but I

make the suggestion, Mr. Chairman, that what he is really arguing about, and what we are really taking a great deal of time trying to do this morning, is really involved in a matter of law; it is a legal interpretation. Mr. MacInnis has referred to *Hansard*, he can refer to my remarks in *Hansard* and he can refer to the evidence before the Committee this morning to the effect that the law officers of the Crown have said that the practice and the procedure followed by the Corporation in this matter are legal. Mr. Chairman, I only want to make that point because we are arguing about something when we have on record a legal opinion from the law officers of the Crown. I think we really should not spend too much time arguing a legal opinion that has already been given.

**Mr. Fullerton:** May I supplement that, Mr. Chairman, and perhaps clarify it a little further? The approach of Devco was very clear; the Act said that our plan should be submitted to the government by October 1 last. The plan was submitted to the government last October 1; that plan stated there should be an early retirement plan; it stated that men would be compulsorily placed on the plan at age 60; that plan was accepted by the government; that plan was tabled by the government on November 18; that plan was discussed at the last meeting here, and in our view that constitutes government acceptance of the plan, fully and entirely.

The approval of the bylaw concerned essentially the payment of money. It does not constitute approval of the plan by our interpretation, by the interpretation of all our legal advisers, and frankly I am baffled at your pressing here on this point about the approval of a bylaw. The approval of a bylaw is concerned with the payment out of money from this plan and that approval has now been obtained. That bylaw, in fact, has been approved by the Devco Board some time ago.

**Mr. Broadbent:** Mr. Chairman, may I ask a question on this point? I am in general sympathy with the remarks that Mr. Fullerton has made. It seems to me that they came with proposals accepted by government and they are acting appropriately in the sense that the government has authorized them to go ahead with what they proposed. I think that would be correct, but on this question of compulsory retirement is there anything now, in terms of law, that would prohibit you from changing the compulsory retirement section for those between 60 and 65 to a voluntary basis?

**Mr. Fullerton:** No.

**Mr. Broadbent:** There is nothing in terms of law. This could be a decision you make. Then I would like to repeat this question: Why do you not simply make this policy decision and make it optional instead of compulsory?

**Mr. Fullerton:** To understand the background properly perhaps you have to understand the structure of the employees at Devco. There are nine unions involved. There is a single union, the Mine Workers, that covers 90 per cent of our employees. There are eight unions covering 10 per cent of our employees. The main discussions in the negotiations were naturally with the 90 per cent union.

It was agreed by the Devco Board that this plan is essentially a social plan. It is a plan designed to be as fair as possible to the men placed on preretirement leave. Fair, in our view, meant non-discriminatory in terms of cash payments. In other words, we decided, the Board and management of Devco, that the fair way in terms of the plan would be to put all people on the same basis.

To make it voluntarily above 65 in fact would have meant that there would be some people who were paid substantially more and who would tend to stay on and who made representations to that effect. In our view, to be fair, to be non-discriminatory, would be to put all the men on the same basis. That is partly why it was placed on a mandatory basis. To go back now and change it will lead to a situation where some of the people who are receiving the most amount of money will be placed in a special category.

**The Chairman:** Thank you very much, Mr. Fullerton. I think that satisfies me and I think it has answered the question.

**Mr. MacInnis (Cape Breton-East Richmond):** Mr. Chairman, how can you say any such explanation satisfies anybody when essentially what has been asked here by me and what has been pressed for and what has just been referred to by the honourable member is this: put it all on a voluntary basis, and when it is on a voluntary basis it is the business of the individual, and if he accepts it voluntarily he has no complaint about what somebody else is getting in the way of funds.

**The Chairman:** Mr. MacInnis, we could sit here all morning and go back and forth on this. You have asked a question, Mr. Broad-

bent asked the same question, and I in turn asked the question whether or not it was possible. Mr. Broadbent asked whether or not it needed a change in law to make it possible.

**Mr. MacInnis (Cape Breton-East Richmond):** May I ask the Chairman a question?

**The Chairman:** Now, wait a minute. Mr. Blackmore has answered it. Mr. Ord has answered it and I think Mr. Fullerton has just been very concise in giving me an explanation. If Mr. Broadbent or you would like a further explanation about a particular point that was brought up by these gentlemen ask it, but let us not keep on hammering back and forth on the same thing.

**Mr. MacInnis (Cape Breton-East Richmond):** All right, but...

**The Chairman:** Just one minute. Let Mr. Broadbent finish his line of questioning.

**Mr. Broadbent:** As I understood your statement, Mr. Fullerton, you said in terms of equity they should be all on the same basis, but something you said at the end did confuse me. You said that if the plan were now made voluntary those who were previously affected by it would somehow be inequitably dealt with. I did not understand your last comment. Do you recall it?

**Mr. Fullerton:** My comment is simply that long and extended negotiations were involved in this matter. This formed part of the package of compulsory retirement at 60. To change that now in my judgment and, I think, in the judgment of all the people here, means in a sense going back on an arrangement that had formed part of...

**Mr. Broadbent:** But if you did that and you went to the unions concerned, my experience with trade unions, offhand from what you said, indicates they would probably say "great". They would not say that?

**Mr. Fullerton:** No, they would not.

**Mr. MacInnis (Cape Breton-East Richmond):** Are you saying, Mr. Fullerton, that the unions involved are prepared to say to their union members, "You are 60 years of age and we have an opportunity of protecting your job but we no longer wish to do so. Regardless of the fact that you are a union member and you belong to my union, you are 60 and you go, because Devco says you go." Are you saying that?



**Mr. Fullerton:** I am saying that the union has said they will make representations to the Devco Board in certain hardship cases, in special situations, and this is perfectly in order. But I am saying to go back and change a compulsory scheme to a voluntary scheme now represents in my view an abrogation of a negotiated agreement.

**Mr. MacInnis (Cape Breton-East Richmond):** Mr. Fullerton, such a change is going to affect such a very small number of people according to you. You are talking about the abrogation of agreements. What about Mr. Ord's signature on the letter to you from the railway people that says they are hired and will be considered employed by Devco under the same working conditions as under Dominion Coal?

Now getting back, I was about to ask Mr. Honey a question. He kept referring to "legal officers of the Crown." I would ask him if he had such an opinion from the legal officers in writing and, if not, what legal officer gave him the opinion he expressed in the House on Thursday last?

**Mr. Honey:** Mr. Chairman, I am not a witness here and I do not suppose that it would be proper for me to answer questions, but perhaps on a point of order I could say that I am advised by officers of the Department that such an opinion is available . . .

**Mr. MacInnis (Cape Breton-East Richmond):** On a point of order, Mr. Chairman; I have every right to bring this point of order forward. I asked a question and I refer to his own statement. He has used the term "legal officer of the Crown" and now he has reverted to "legal officers of the Department. Now, there is a considerable difference and I maintain here and now that neither Mr. Honey nor anyone else spoke to any legal officers of the Crown because I firmly believe they do not know what a legal officer of the Crown is or who he is.

This is a lot of nonsense. There has been nobody discussing this matter with the legal officers of the Crown involved because I spoke to them and they have informed me that this has not been the case. The legal officers of the Crown in this respect have not discussed the Devco plant.

I am just trying to point out to you gentlemen that what you are doing here is not in accordance with the facts. You are misleading the House and you are misleading this Com-

mittee when you say "the legal officers of the Crown."

**Mr. Honey:** Mr. Chairman, I was not able to finish the remarks I wanted to make on a point of order when I was interrupted by Mr. MacInnis. I was saying at the time that I was advised by officers of the Department that they had been in touch with law officers of the Crown and I personally was in touch with law officers of the Crown and received that advice. I think that should finish it right there.

**Mr. MacInnis (Cape Breton-East Richmond):** Mr. Honey, would you go so far as to say who the law officer of the Crown was that you discussed it with, or would you convey that information confidentially to the Chairman?

**Mr. Honey:** Mr. Chairman, I do not think that is necessary.

**The Chairman:** As far as I am concerned I have heard from you, Mr. MacInnis, and I have heard from Mr. Honey. You said he has not talked to law officers of the Crown, he says he has. I do not know how many there are or whether you have checked with the same people, but I will accept your word, as I will accept his.

**Mr. MacInnis (Cape Breton-East Richmond):** Mr. Chairman—I would like to make this arrangement with you personally—I will you take you to the law officer of the Crown responsible for this and I will have him tell you that he did not discuss this plan. This all stemmed from the fact that we are fighting for a few people in a category between the ages 60 and 65 of whom, according to Devco, there are very few—I think the number mentioned was six hundred and some, 669 all told—and the inference is that well over 80 per cent of them would accept it voluntarily. I am fighting here for the survival and the wishes of a very small group of people, but to say that it would be an abrogation of an agreement, who has the agreement? This takes us back to the question, with whom did you make such an agreement? There has been no such an agreement by Devco with the members of the unions involved. This has not been put in writing. The union has not come forward to sign any agreement.

**Mr. Fullerton:** There have been negotiations.



**Mr. Blackmore:** Mr. Chairman, I think it might be helpful to make two observations. One might be regarded by the hon. member as being historical, but I think it is terribly pertinent.

When we took over the expropriated assets on March 31, 1968, it was very obvious to us that there were a number of people employed, or whose names appeared on the books of the railway, from whom we had to recognize there was a special employment problem. If my memory serves me correctly, there were some 255 people at that time employed on the Cumberland Railway of whom there were about 50 who fairly regularly did not get any shift a week or only one or two shifts a week. We recognized this particular problem relative to the total problem that if we were to give these people something like regular employment, then it was very vital that the older age-groups on the railway should be part of the plan, but part of the plan on the same social basis that my chairman referred to just now.

Therefore, when Mr. MacInnis referred to the limited number of people who are involved, he accepted the fact that the number of mineworkers in the 60-65 age-group who would like to continue working might be very limited, but I can assure him that the people on the railway in the 60-65 age-group which, I believe, numbers 34 people, would be very intent on working and by maintaining them in work you would be prejudicing the corporation's over-all objective of looking after the younger railwaymen who currently are on the books and receive nil, one or two shifts' work a week.

The corporation in her wisdom had to take all these factors into account in devising a plan. My understanding is that while I do not attend union meetings of the railway unions this subject of the application of the compulsory nature of the scheme for the railwaymen in the 60-65 age-group has been the subject recently of a number of meetings among the railway unions and the popular vote of all the members has been to confirm the willingness of the railwaymen to support the plan because they see equity in this for all the people in the railway unions. I believe, Mr. Chairman, this is a pertinent factor which is not being taken into account in the conversations this morning.

**Mr. Broadbent:** That has clarified something for me.

**The Chairman:** Mr. MacInnis, have you any more questions or would you like to move to a different area?

**Mr. MacInnis (Cape Breton-East Richmond):** Mr. Chairman, I am not a member of the Committee and I realize that while I can attend the meetings I am not entitled to vote, but I would ask the Chairman or someone...

**Mr. Honey:** On a point of order, you are a member, Mr. MacInnis.

**Mr. MacInnis (Cape Breton-East Richmond):** .. who is a regular member of this Committee and who has attended the majority of these hearings, to consider putting forward a motion which would ask Devco to reconsider the compulsory aspect of the pre-retirement leave plan.

**The Chairman:** I would like to accept that motion, Mr. MacInnis, but we do not have a quorum at the present time and, therefore, we will have to pass until later.

**Mr. MacInnis (Cape Breton-East Richmond):** Mr. Chairman, in that case, since we have been minus a quorum, everything that has been put on record today will have to be deleted and will not appear in any Committee report. We will have to go over all the evidence again, which is a ridiculous situation. The meeting started half an hour late and now after it has gone on for an hour we are told we do not have a quorum.

**The Chairman:** That is quite all right, Mr. MacInnis. Occasionally throughout the session we have been without a quorum because there are other committee meetings. Normally in this Committee—I say this because you are a stranger to our meetings—we do discuss in the steering committee how we are going to operate. I believe if you spoke to Mr. MacDonald or if you spoke to Mr. Broadbent they would tell you that by agreement if we do not have a quorum we operate perhaps one or two light of a quorum.

**An hon. Member:** Do you have a roster here, too?

**Mr. Muir (Cape Breton-The Sydneys):** But Mr. Chairman, anything that goes on is quite unimportant; it is not official; it is a little get-together and we chat.

**The Chairman:** I do not think so. I certainly do not look at it that way and I am sure Mr. MacDonald does not. He has been pretty faithful...

**Mr. Muir (Cape Breton-The Sydneys):** It is a waste of time to bring these gentlemen here, I would think.

**The Chairman:** On the contrary, I think they have been very hopeful.

**Mr. Muir (Cape Breton-The Sydneys):** But what they have said is unimportant to the extent that we are not even in session. We do not have even a quorum; we cannot make motions; we cannot do anything. Is that not right, Mr. Chairman?

**The Chairman:** I do not want to criticize any one party for not having representation here, Mr. Muir, but...

**Mr. Muir (Cape Breton-The Sydneys):** No, this is just an indication of the fallacy of the new rules of the House of Commons. There are so many committees sitting that members cannot attend all committees. I am supposed to be at another committee at this very moment, but I would rather be here at an unofficial committee meeting, if this is what we should call it.

**Mr. MacInnis (Cape Breton-East Richmond):** You have indicated that this is done by pre-arrangement with your steering committee or something. If it is pre-arranged that you can operate without a quorum, it must follow that you can do official business without that quorum. If this is an all-party pre-arranged deal that you can operate with less than a quorum, then it follows that the motion that I have suggested could very easily be put by those present. In other words, is this Committee going to support this form of discrimination?

**Mr. MacDonald (Egmont):** Could I suggest by way of a point of order that if Mr. MacInnis has a motion, the motion could be reported and could be put at a time when there is a quorum, if that is his wish.

**Mr. MacInnis (Cape Breton-East Richmond):** Are the authorities of Devco going to be present at that time?

**The Chairman:** I do not think that would be necessary when we put the motion.

**Mr. MacInnis (Cape Breton-East Richmond):** Mr. Chairman, it appears that those in 60-65 age group are going to be discriminated against with the support of this government.

**The Chairman:** I think that sounds like a MacInnis interpretation.

**Mr. MacInnis (Cape Breton-East Richmond):** I will get them across, anyhow, John; I will get them across. I would like to ask the authorities some questions in respect of their proposals. What has become of that part of the legislation which says that nobody shall be laid off without every effort being made to provide alternative employment? What do you have in mind for alternative employment or another industry to be brought into the mining areas affected and what has been done so far in respect of the development end of the corporation?

**Mr. Ord:** Mr. Chairman, I would like to make one statement that has a bearing on that. I think Mr. MacInnis has said a number of times that it is the duty of Devco to set up alternative jobs in each community.

**Mr. MacInnis (Cape Breton-East Richmond):** No, you have misinterpreted what I said. I was referring to alternative employment being provided for those people who are laid off and what is being done in the areas affected. I know the legislation takes an overall approach to Cape Breton, but I asked what is the Devco plan in respect of the affected areas in the immediate vicinity—in other words, the industrial area of Cape Breton. Are there any plans in the offing for this area?

**Mr. Ord:** Are you talking about the county as a whole?

**Mr. MacInnis (Cape Breton-East Richmond):** Well, in the industrial Cape Breton area where the mines have been closed out is there anything in the offing? Could Mr. Ord indicate to the committee just what is being proposed?

**Mr. Ord:** You are referring now to the industrial development side of the operation. You know we have reported in our Second Annual Report in general terms about the activity that is going forward. We have preferred not to give the names of companies we are working with prospectively because of the competition for those companies. We, as you know, have one industrial park set up at Point Edward, and we expect shortly, following a Board vote, to have another industrial park established, more central, perhaps, than Point Edward. We are working almost a fever pitch to bring new industry in. I may say that a couple of months ago two tuna industries were started at Point Edward and we



arranged that the first opportunities to take the jobs would be given to some of our employees, some of the railway employees as a matter of fact, and we were disappointed that none of them accepted the jobs.

**Mr. MacInnis (Cape Breton-East Richmond):** You say that none of them were accepted.

**Mr. Ord:** No, none accepted, none displayed any interest in the job.

**Mr. MacInnis (Cape Breton-East Richmond):** Would one of these industries be the so-called Jiger plant?

**Mr. Ord:** Yes.

**Mr. MacInnis (Cape Breton-East Richmond):** Well I have had a complaint, I am sorry I do not have the name of the individual, from an employee of the company railway who went to the Jiger plant and was refused. There is no need of getting into this, I will provide you with the name at a later date.

**Mr. Ord:** Well that is not the information I have.

**Mr. MacInnis (Cape Breton-East Richmond):** I can provide you with the name, date, place and everything that is involved.

I realize you do not like to indicate who these companies with potential prospects are. I realize why you withhold the names. I want to ask you if there has been any effort on the part of Devco to put approximately \$35,000 into a company that showed an interest in coming into the Cape Breton area to develop certain products and at no time wished or requested any assistance from Devco. Devco is moving in to take a so-called piece of the action.

**Mr. Ord:** You say that this is a company that did not want any help?

**Mr. MacInnis (Cape Breton-East Richmond):** It did not request any assistance from Devco.

**Mr. Ord:** I do not think that is correct. Mr. Doucet?

**Mr. Doucet:** I never heard of such.

**Mr. MacInnis (Cape Breton-East Richmond):** I have one further specific question. Has there been any negotiations or any effort or any thought of Devco purchasing Four Star Colliery?

**Mr. Ord:** There has been some thought of this.

**Mr. MacInnis (Cape Breton-East Richmond):** What is the purpose behind this purchase?

**Mr. Ord:** Well, I do not think this is something that I should particularize about. The fact of the matter is, as you know, we have thought in terms of rounding out our availability, but that is about it.

**Mr. MacInnis (Cape Breton-East Richmond):** What price has been mentioned? If it has gone that far, what price has been mentioned?

**Mr. Fullerton:** Mr. MacInnis, please, do not ask questions like that.

**Mr. MacInnis (Cape Breton-East Richmond):** Why not?

**Mr. Fullerton:** That is an improper question.

**Mr. MacInnis (Cape Breton-East Richmond):** Oh, I would not say so. It is not improper at all when you consider the fact that one of the Board of Directors of Devco is also on the Board of Directors of Four Star Colliery. I do not think it is improper at all to ask what price is involved when there is a conflict of interest, a definite conflict of interest by somebody sitting on both boards at the same time.

**Mr. Fullerton:** That statement is not true, Mr. MacInnis.

**Mr. MacInnis (Cape Breton-East Richmond):** Since when? Since I talked to the Nova Scotia government two days ago and I was informed that this was the case.

**Mr. Fullerton:** That is not the case.

**Mr. MacInnis (Cape Breton-East Richmond):** Or is it the case that somebody has been released from the Board of Devco within the last couple of days? Do not say a statement is not true, Mr. Fullerton.

**Mr. Fullerton:** I am telling you it is not true, Mr. MacInnis, now take that from me.

**Mr. MacInnis (Cape Breton-East Richmond):** All right, take this from me. How can you have a man serve on the Board of Directors of Devco dealing with this Corporation while at the same time he is a manager or at



least an owner of independent mines in the Province of Nova Scotia? Do not tell me that there is not something being developed here that needs looking into.

**Mr. Ord:** May I say that if anything of that nature were to develop, Mr. MacInnis, it would have to be after approval by both governments.

**Mr. MacInnis (Cape Breton-East Richmond):** Oh yes, but we know how approval comes. It has been already stated. If you knew the operations of government and of some of these fellows who profess to know the operations of the House of Commons you would realize that the statement put out by Devco on October 1 is the type of statement that cuts off any debate or stops any particular dialogue on that plane. In other words, when they make the statement that this has been approved by government it leaves no room nor opportunity for discussion; therefore, your statement here to the effect that this has been officially sanctioned by government deprives any Member of Parliament of any further discussion on this. Now you are telling me that if there is any action in respect of the purchase of Four Star Colliery this also is something that could be developed at a later stage after you make certain announcements.

**Mr. Ord:** May I say that this is not even in the negotiation stage. You asked me if we had thought about it and I had to say truthfully, yes.

**Mr. MacInnis (Cape Breton-East Richmond):** Then I hope my question served at least the purpose of stopping any further consideration of this idiotic approach of paying roughly \$700,000 for what is practically a run-down mine.

**A witness:** What nonsense.

**Mr. Ord:** That is your own figure.

**Mr. MacInnis (Cape Breton-East Richmond):** Is it nonsense? There is \$400,000 plus the debt of \$250,000 to the Nova Scotia government, and another \$70,000 also involved by way of debt. Do not tell me it is nonsense because I have too many figures to say that it is nonsense.

**Mr. Ord:** Well, it is nonsense.

**The Chairman:** Thank you Mr. MacInnis.

**Mr. MacInnis (Cape Breton-East Richmond):** It is very interesting to note that when the question was put there was no denial that such a thought was in the minds of Devco.

**Mr. Ord:** I said so.

**Mr. Broadbent:** I have some questions. First of all, on page 13 of your Second Annual Report the bottom paragraph says:

Because of the need for getting the industrial prospecting and promotion programme underway, the Corporation entered into a contract with a firm of industrial consultants for this purpose in the middle of March.

Could you give us the name of the firm?

**Mr. Doucet:** Yes, T. E. MacLaughlin and Associates; Mr. MacLaughlin and Mr. Gary Gall.

**Mr. Broadbent:** Is it in Ottawa?

**Mr. Doucet:** Yes.

**Mr. Broadbent:** Was this on the basis of competitive tendering?

**Mr. Doucet:** No.

**Mr. Broadbent:** Could you tell us what the terms of reference are?

**Mr. Doucet:** Their job is to prospect and to form new industries and to promote Cape Breton in those terms; that is, to advertise Cape Breton as a suitable location for industries using the assistance that we provide as an attraction.

**Mr. Broadbent:** In the middle of the page 14, reference is made to the fact that the Corporation loaned \$719,851 directly to manufacturing industries. Were there any general criteria established that would fit all the industries, for example, which received money?

**Mr. Ord:** Under the Act we have all sorts of approaches open to us, lending, grant, and interest-free is possible. It is our duty when an industry is being looked at as a prospect to get all agencies that can put up some money to put up all they can and we do what is necessary on top of that. Sometimes the inducement is a loan and there is no criterion which says "X" kind of company is going to get a loan and "Y" is going to get a grant. We base it on the needs of each particular case. Would you like to elaborate on that, Mr. Doucet?

**Mr. Doucet:** No, other than to say, of course, that if you are talking about terms of security, the security would be the same as any lending agency would take—a first mortgage arrangement on the assets of the company.

**Mr. Broadbent:** Are there any common terms...

**Mr. Doucet:** The same terms—without revealing any details of any particular loan—were followed as were then in existence with the Industrial Loan Board of Nova Scotia which is a provincial agency. We loaned at the same rate as they did.

**Mr. Broadbent:** That is all I have at the moment.

**Mr. MacDonald (Egmont):** I just would like to follow up on some of the questions with regard to industrial development. Mr. Ord, you can correct me if I am wrong on this, but I think you said in the plants that have presently been established—the new plants that have been opened—that none of the previous people who had been employed in the mining operation were interested in or had accepted employment in these plants. Is that correct?

**Mr. Ord:** I said that, but actually the railway workers were the ones who were given the chance. Mr. Blackmore will give you more particulars.

**Mr. Gerald Blackmore (Vice-President, Cape Breton Development Corporation):** Mr. Chairman, as I mentioned earlier, the specific position was that there were these 50 railwaymen who were getting very irregular work and in my management-union negotiations with them, I did undertake to see if I could persuade any new industry which came in to give them the first chance for an interview. However, I made it perfectly clear that the one thing the corporation could not do was to dictate in any way, shape or form to any new management coming in with new industry what type of labour they should hire.

Some 35 railwaymen were given the opportunity to be interviewed by the Jiger Company and the company with which there is a loose association, Richmond Plastics. The attitude of many of these people when they went for the interview was far from satisfactory. They did not express a great deal of interest and very few of them were offered jobs for this reason, but the basic point was the corporation did everything it reasonably could to

make these first opportunities available to the railwaymen who were on short time. However, I repeat we could not, as a corporation, interfere with the management of private companies by telling them they had to take these people on, but they certainly had the opportunity.

**Mr. MacDonald (Egmont):** I wonder if we could be a bit more specific and follow this up, because I think this is an interesting test case for what may be future problems that will develop as we try, in a sense, to relocate a great number of these people. Was there a problem because they found that the employment as such did not interest them; was it a problem of the wages they might receive; was it a problem that they had other employment they were interested in or was it a problem of insufficient education or training to participate in this kind of employment? Could you specify to some degree the exact nature of the problem as it was encountered.

**Mr. Blackmore:** Mr. Chairman, since I only acted as a catalyst to make arrangements for the interviews, I cannot answer specifically the question from personal knowledge. I do know, however, that one of the big concern of these people was that they would be moving out of the railway work where the rate of wages is extremely high. Naturally the rate of wages offered by these new industries was very much lower and this, of course, was of concern to the railwaymen.

The second factor, I believe, which was brought to my attention was that the railwaymen felt that on the law of averages and through the course of time they would get more regular work, but they were not satisfied that the new industries coming in were going to stick. I think the basic point here was that they did come back and say: "If we go there and in the course of two or three months we get laid off, can we come back and have our own seniority rule on the railways?" I said: "This is a thing we can look into." They never pressed the point and, therefore, no finite conclusion was reached. I did make the point to them that if we did do this, it would be up to the union and not up to management to decide whether or not they would retain their seniority because the usual rule, if you leave the railway union, is that you lose your seniority. However, Mr. MacDonald, I cannot answer your question specifically from personal knowledge.



**Mr. Doucet:** I might say, as a supplementary answer and a very short one, that some of the people who were taken on were examiners. There were one or two from number 12 who actually went on, but these were younger miners. They had to weigh between working down in the mine and this new employment even though the wage rates were not too different. However, the railway workers had another thing, too—I think perhaps Mr. Blackmore hesitated to say it—that the compulsory retirement for the older ones might take a few people out and give them a better chance up the roster. I think we should say this as it was a fair assessment on their part.

**Mr. MacInnis (Cape Breton-East Richmond):** Mr. Doucet, that is in respect of the approach of the opportunity that you were presenting to the other railway workers, but you are completely overlooking the fact that the railway unions have always operated on a seniority basis and those in the age-group between 60 and 65 are at their peak earning years and have gone through that period where they went for weeks and weeks on end without getting a shift. Is there no consideration given to this fact? What you are doing, in essence, is wiping out this aspect of the general agreement and, I go back once again, you are wiping out the fact that the Minister indicated that the existing agreements at the time of the takeover would be honoured. This is not the case in what is happening now, they are not being honoured at all.

**The Chairman:** Thank you, Mr. MacInnis. Mr. MacDonald, you may continue.

**Mr. MacDonald (Egmont):** Mr. Fullerton, I believe last fall you told us—correct me if I am wrong—that the loss of employment and the people who were being displaced was at the rate of 50 per month, was it not?

**Mr. Fullerton:** Yes.

**Mr. MacDonald (Egmont):** Has that rate continued?

**Mr. Fullerton:** No, that has dropped off, I think, to about 25 a month during the last few months, is that not right?

**Mr. Blackmore:** Yes, I can give you the actual figures. There were 33 in January, 25 in February and about 25 in March.

**Mr. MacDonald (Egmont):** Is it considered that this rate of drop-off will continue to

decline or will it go into another peak at some point if you change mines, for instance?

**Mr. Fullerton:** Again, we just do not know.

**Mr. Blackmore:** I would not like to voice an opinion on that.

**Mr. Fullerton:** My own guess is that it will probably flatten out because in spring and summer people tend to take off more time.

**Mr. MacDonald (Egmont):** Last fall I asked if you were making any attempt to find out what happened to these people—whether they were becoming part of the unemployment pool in the Cape Breton region or whether they were leaving the area. You told me then that you were doing some work on this, but at that point you did not have many accurate figures.

**Mr. Fullerton:** We did think about the problem, but we did not know any way to cope with it. When a man goes he goes and it is terribly hard to track him down. Is that not the problem that has been talked about?

**Mr. Blackmore:** Mr. Chairman, since we appeared before this Committee last December, I think it was—November—we have looked into this in some detail and since that time about 80 per cent of the people who have left us, left because they were at the age for retirement, were suffering from chronic ill-health or were going on DVA pensions. The other 20 per cent were people who had relatively short service in the industry and who have taken job opportunities that have come up either locally or away. When you try to find out from the younger people what they are going to do, the information you get is not terribly factual and at this stage I would not like to comment on it in too much detail. However, we are following this thing up, Mr. MacDonald, because we recognize the importance of it to get a pass into the future.

**Mr. MacDonald (Egmont):** I would think with respect, Mr. Fullerton, it would not be quite as difficult perhaps as you have indicated, because surely the manpower offices, if they are functioning at all in the area, must be able to keep some kind of documentation. If they are not, then I think steps should be taken to make sure that they do. This would be vital, I would think, as Mr. Blackmore has said, to the development of a realistic picture of what is happening and to make the necessary adjustments as the development program goes forward.



**Mr. Fullerton:** May I say I share your views about this. I think that Devco will go on trying to probe into the reasons for departures.

**Mr. MacDonald (Egmont):** Let us come back perhaps to Mr. Doucet or Mr. Ord on this. In the area of industrial development what kind of co-operation or participation are you getting from groups in the community? I am thinking, particularly of boards of trade or any community development groups that may be operating. At the time of the threatened close of the steel plants I know there was a great deal of action and local participation and leadership development. Through these groups is the work that is being done and the investigation and contemplation of various industries being co-ordinated and participated in by the people in the regions?

**Mr. Ord:** We certainly get all the co-operation we could ask for from any of the local groups. There is never any hesitation about that.

I am not sure how pertinent this is, but you know about the Finnis report which recommended that the eight communities should form one. We have carefully stayed out of that on the ground that it was political and that we should not say anything about it. But the boards of trade in the area have now formed one common board of trade and we think this should probably lead to the ultimate amalgamation of the area.

The reason this could be important is that it stops what you might call a parochial attitude—the protection of each individual community separately—which we could not have. We have to take the area as a whole and put industry where it will benefit the entire area.

But that is wandering away from your point. The answer to your question is that we do get all kinds of co-operation. We get it at both ends of the island.

**Mr. Muir (Cape Breton-The Sydneys):** In other words, Mr. Ord, you do not feel that the boards of trade and the unions and the people of Cape Breton do have a dependence-syndrome.

**Mr. Ord:** Have a “dependence syndrome”? That is beyond me. What is a “dependence syndrome”?

**Mr. Muir (Cape Breton-The Sydneys):** All right.

**The Chairman:** Mr. MacDonald?

**Mr. MacDonald (Egmont):** This may be a question that is impossible to answer, but I would like to put it on the record anyway. I know it is impossible for you to indicate which companies, or which industries you are negotiating with, but have you established any target in terms of the amount of employment you would hope to be able to offer over a certain time period through the inauguration of new industry, or through the possible expansion of present industry, which, with some assistance—perhaps some additional managerial skills—could be usefully expanded so that it would offer more employment?

**Mr. Ord:** Mr. Doucet has expressed himself on that and I will ask him to do it again. But the easiest way to measure it is in terms of jobs. I think at the last meeting, Mr. Doucet, you mentioned how many potential jobs had been created.

**Mr. Doucet:** Except that I would not want to be quite as specific, Mr. Chairman, as Mr. MacDonald is asking. If it were a mechanical exercise and you were looking at the jobs that existed in the mines and at replacing them all, which we are now not doing, you would be looking to creating 6,000 jobs, or something of that order. Because our legislation says we have to provide alternative employment you would be looking to creating 6,000 jobs. This is a rather mechanical sort of approach.

What I said in November at the previous meeting of your Committee was that with the agreements we had signed, or those that were about to be signed—and two have been signed since—we had a little more than the number that would be employed in one mine. I would now like to say that I would make that about a mine and a half.

The lead time is long. I know Mr. MacInnis or Mr. Muir would say, “Well, where is it?”. If they go to Point Edward they will see a factory being built; and there will be another one very soon. There will be two very soon. But the fact is that the lead time is very long. There are even some on which we started negotiating a year ago. I joined the Corporation on March 1, 1968, and we started negotiating within the next month. We have come to an agreement and everything else, but there is still no hole in the ground and nothing coming up above the surface of the ground by way of a building. These take a long time.

I will say this, that I am a bit of an optimist—I have to be or I would not have taken this job—but if anybody had asked me before I took it whether we would be able to say in a year that we had actually signed agreements with industries that would give us, say, between 1,200 and 2,000 jobs, I would have had to say that they were kidding. By that I mean industrial Cape Breton. I am not counting the Strait of Canso where there is a big natural pool. I would have had to say that they were kidding. I would not say that now, because we have actually done it.

It is not easy. We may have been lucky, and our luck may run out, but I think that if we use all the avenues open to us we can create a sufficient number of jobs over, say, five to ten years, that with what is going to be left in the mine there will be a good economic base in Cape Breton, alternate to the coal base that used to exist. And this, after all, is the purpose of the Corporation.

**Mr. Muir (Cape Breton-The Sydneys):** In other words—I think it is a fair question—DEVCO has produced approximately 1,000 to 1,200 jobs.

**Mr. Doucet:** The agreements we have signed in industrial Cape Breton would amount to between 1,200 and 1,800 jobs.

**Mr. Muir (Cape Breton-The Sydneys):** That is, you have agreements for them; but how many actual jobs are there?

**Mr. Doucet:** There are now very few; perhaps about 60 or 70, if you are looking just at...

**Mr. Muir (Cape Breton-The Sydneys):** But you have hope?

**Mr. Doucet:** That is right; because one factory is just under construction now. The other will not be started for a couple of weeks. The point is that there is a long lead time. It may always sound as though you are apologizing, or explaining, but the fact is that these things are there, and they will be rising above the ground. Go to Point Edward and you can see one of them.

**Mr. Ord:** We have used up what empty buildings were available on the Point Edward site. It is now a matter of building new buildings.

**Mr. MacDonald (Egmont):** May I just ask one final question, which may have already been asked. If it has, please tell me.

Are you in the process of negotiating with industries, or will industries be coming, that are directly related to the potential that is there in the steel plants; in other words, related or subsidiary industry of one kind or another?

**Mr. Doucet:** As a question of fact, we are not at the moment negotiating with any industries that have a direct connection, but we are negotiating with two that are related indirectly.

**Mr. MacDonald (Egmont):** Do you think this is an important aspect?

**Mr. Doucet:** Yes, it is important. If you tell me how to do it I will be glad to do so.

**Mr. Fullerton:** May I bring out an example of a direct tie. The building that Devco is putting up now is Cabot House, and it is buying steel rods from the steel company. The building that is going on consumes steel such as that. But the big bulk of the Sydney steel mixes in primary and semi-finished steel are bars and ferrous rails.

**Mr. Doucet:** There is not much linkage.

**Mr. MacDonald (Egmont):** Yes. This is still a pretty big problem, as you have indicated to us, I think. Thank you, Mr. Chairman.

**The Chairman:** Mr. Muir?

**Mr. Muir (Cape Breton-The Sydneys):** Mr. Chairman, at the risk of sounding parochial, as one speaker mentioned already, I want to discuss the Princess colliery with Mr. Blackmore, which is the backbone of the economy of Sydney Mines, Florence, Bras d'Or and the surrounding areas of what we term the north side of Sydney harbour. I wonder, Mr. Blackmore, if you could tell me how many men were employed at the Princess colliery when Devco took over and how many are presently employed.

**Mr. Blackmore:** Mr. Chairman, there were 1,126 people on the books of the Princess colliery at the date of expropriation. The current figure is 1,030. We anticipate that after the pre-retirement leave plan has been implemented, based on the terms under which it is being implemented and taking into account the people who have exercised their options in the 55-59 age group, that as of May 26 there will be 821 men left at the Princess colliery.



**Mr. Muir (Cape Breton-The Sydneys):** Will this leave you enough men to operate the Princess Mine at as economic a basis as possible or are you going to close some walls, close part of the mine down?

**Mr. Blackmore:** Currently there are two walls working in Princess, the 25 south and the 18 north. The geological conditions on the 18 north are such that one cannot achieve any viable or near viable production from it and therefore after the exodus of the people going on the pre-retirement leave plan we shall be left with a 25 south face, which I expect will be replaced in June or July by the 26 south face, and we anticipate that we shall get an output of about 2,400 tons a day from the men who are left on the books at that time.

**Mr. Muir (Cape Breton-The Sydneys):** About three tons per man?

**Mr. Blackmore:** There will actually be 821 men on the books and by and large you require 740 working each day to man the pick up. As you will appreciate, the workings are some four miles in by and the unproductive labour force, namely, the out-by workers, to service a relatively small number of men at the face is very high indeed. You also have a surface which is extremely labour dense and therefore I suspect—I am just hazarding a general guess—that after the early retirement scheme the actual number of productive workers will be less than 20 per cent.

**Mr. MacInnis (Cape-Breton-East Richmond):** Management is not included in the unproductive...

**Mr. Blackmore:** Mr. Chairman, if I may complete the point I was making before I go on to the interesting point raised by Mr. MacInnis, which I am quite prepared to deal with, because in order to get an efficient operation we try to set things up in such a way that you have highly qualified and competent people doing the job and not a lot of stragglers. In short, I am saying that of the 821 people left on the books after the pre-retirement leave plan we need 740 in work every day, and we anticipate getting an output of about 2,400 tons. I can assure Mr. MacInnis, in answer to his supplementary question, that the statistics will show that the management has been brought down more than pro rata to the labour force.

**Mr. MacInnis (Cape-Breton-East Richmond):** You are taking me too seriously, Mr. Blackmore. I inferred that everybody on the

rolls of Devco Corporation—within the confines of the coal operation—when they start working out the average per man per day production that each and every individual employee is worked into that average, and that includes yourself. In speaking about the reduction of forces, Mr. Blackmore—and this is the same question except that it applies to a different category—what is the work force of the professional staff in and around your headquarters now as compared to what it was at the time of the takeover from Dosco?

**Mr. Blackmore:** All I can say, Mr. Chairman, is that it is substantially less. I do not have the specific figures here but when I get back I would be very happy to provide Mr. MacInnis with them within the next week.

**Mr. MacInnis (Cape Breton-East Richmond):** I wonder if Mr. Blackmore would include not only the numbers but the cost of the professional staff. In other words the numbers that have probably been deleted because the cost has gone up with respect to the professionals. Mr. Blackmore, in order to get at the basis of the question, how much money is involved in the hiring of engineers? I am not questioning the need for them, I am just asking how much money is involved in the hiring of the engineers that are being brought over from the U.K..

**The Chairman:** I do not think we have to go into that Mr. MacInnis. We are into discrimination again and I would hate to think...

**Mr. MacInnis (Cape Breton-East Richmond):** Yes, we are. It is a form of discrimination. I do not question that, Mr. Chairman. At least I will admit it when it is in front of me. However, I would like to know if there have been any bonuses involved in the hiring of these people, as one would refer to it, although I do not see it this way. Actually it is the reverse; it is severance pay which is being paid by the company doing the hiring instead of the company that the employee may be departing from. It is not what I call severance pay. I would more or less refer to it as a bonus. Are there any such bonuses involved with respect to those people who are coming over from the U.K.?

**Mr. Blackmore:** Mr. Chairman, categorical there are no bonuses involved whatsoever.

**Mr. MacInnis (Cape Breton-East Richmond):** How much is involved by way of



expense in bringing these people over here? They have become surplus in England and if their job opportunities are over here they should make their own way over. There is no doubt that any number of these engineers are surplus to the mine operations in England. Is Devco going to the expense of bringing them over here to jobs which they would probably come on their own to seek in any case.

**Mr. Ord:** If I may say so, Mr. Chairman, there is a very unfair implication in that question. Four men were brought over here to do temporary work in engineering, drafting and developing in connection with how we were going to get at the Lingan situation. They have now returned to the United Kingdom. We have certainly never taken anybody on from the National Coal Board because they did not have a job over there.

**Mr. MacInnis (Cape Breton-East Richmond):** I did not say anything about the Coal Board, I did not even use the term. I was referring to the industry over there. I also made it quite clear that I did not question the need for these technical people. If these people were hired on a temporary basis and they have now gone back, I was quite unaware of that. I think in order to share up your public relations you should make this known to certain individuals in the union down there who are always squawking about this, and inform them that these men were over here on a temporary basis and have returned. I am glad to hear that that is the situation because I have been getting complaints and I have not known how to deal with them.

**Mr. Ord:** Let me not mislead you. I spoke of four people who were brought over especially to help get the Lingan thing ready. We still have two of them.

**Mr. MacInnis (Cape Breton-East Richmond):** The report did not say anything about that.

**Mr. Blackmore:** We have imported two British engineers, one mining and one mechanical engineer, and I can categorically assure Mr. MacInnis, that the rates they are paid are certainly no higher than Canadian engineers would have received had they been available. At the last meeting of this Committee I believe I firmly established, that although we had put out advertisements we could not get them from Canadian sources. However, I assure you that the British engineers have not

been offered or given rates in excess of what Canadian engineers would have obtained for the same work.

Dealing with the second point, it was extremely helpful to us that the National Coal Board were prepared to send over a team of four people to help us with the planning of Lingan. We have an obligation, as we see it, to get cracking with Lingan this summer, and we just could not do it with the professional staff which we had available. They were here for five weeks and they did a very excellent job of work. And it gives us a very good base from which to do the detailed work.

I wish I could go on record in saying that these people were provided by the National Coal Board, and I certainly have not had a bill for them. I think we must express our appreciation to the Board for this sort of service because these people have had actual experience of redesigning pits in recent years. And with the best will in the world but without decrying in any shape or form the ability of the staff we have in Cape Breton, they have a day-to-day job of work to do and they just could not overcome the additional work in the planning of Lingan, and this has helped us tremendously. Our President has said this morning we hope to make a start on June 18. Without the help of this team who worked extremely hard seven days a week for five weeks we could not have been in a position to start on June 18.

**The Chairman:** Thank you, Mr. Blackmore. Yes, Mr. Muir.

**Mr. Muir (Cape Breton-The Sydneys):** Thank you, Mr. Chairman. I will continue where I left off with you, Mr. Blackmore. You confirmed that in calculating your tons per man per day you take in the whole working force. Is this right?

**Mr. Blackmore:** No, I did not confirm that; Mr. MacInnis inferred that one should, but the professional staff and the people at the Azar Building do not come into the computation of the assessment of productivity. It is only the people on the actual colliery books.

**Mr. Muir (Cape Breton-The Sydneys):** That is right. I would not expect them to be taken in, for instance, with regard to cost per ton-per day for Princess alone or something like that, but you are eliminating them completely from any of the mines. But all of your work force at Princess Colliery, your whole staff, is taken into account, is it not?

**Mr. Blackmore:** Statistically, no. The professional staff, the manager and the under-manager and the office time-keepers are on the books of the Azar Building and their shifts work is not used in computing productivity. In other words, the shifts used for computing productivity are what I call the industrial work force on the books of the Colliery.

**Mr. Muir (Cape Breton-The Sydneys):** You do not mean just the man producing the coal.

**Mr. Blackmore:** Oh, no, the industrial work force. All the servicemen, all the underground workers, all the railway workers.

**Mr. MacInnis (Cape Breton-East Richmond):** This is a departure from the criteria used by Dominion Coal who, at one time, in averaging out the per-man-day production of the miner, took into account the general office staff and everybody involved in the coal industry. Is this a departure that you are following?

**Mr. Blackmore:** Not as far as I am concerned, Mr. MacInnis, because at no time have I altered the statistical set-up which existed when we took over. I am perfectly satisfied—I am quite prepared to check but I am perfectly satisfied that the present basis of computing productivity is identical with what was used under the old company.

**Mr. MacInnis (Cape Breton-East Richmond):** Possibly I am going too far back. The union at one time was quite adamant in this; that the per-man-day production was averaged out on the number of employees in the coal industry, not necessarily the actual production of the mine itself.

**Mr. Blackmore:** If you took that as a basis of statistics you would get some very wrong answers because you have this high and variable rate of absenteeism which varies from 15 to 24 per cent. Therefore if you dealt with this on the basis of men on books you would have no relativity to the number of shifts worked. Therefore productivity is always related to shifts actually worked, as opposed to number of men on the books.

**Mr. Muir (Cape Breton-The Sydneys):** Mr. Blackmore, could you hazard a guess or a guesstimate as to the lifetime of Princess Colliery? I am sure you understand why I am asking you this question, sir; as I already said, and I repeat it, it is the lifeblood, the

economy of the north side of Sydney harbour and it is so important to know just what may develop there.

**Mr. Blackmore:** Mr. Chairman, one appreciates the fair question because it is the lifeblood of the north side. Quite certainly if the 821 men on books, or the 714 man-shifts worked per day do turn out their 2,400 tons a day or their 12,000 tons a week, it will be far from a viable operation.

The future is dependent on a number of factors, but one of the principal factors is the rate at which the 821 men on books reduces because of various forms of attrition. All I would say at this stage, Mr. Chairman, and I believe my Chairman and President would support this view, is that we are actively considering the problem that will arise when the manpower force falls to the point where it becomes a wholly uneconomic operation, and we have in our minds a proposal which we think at this stage, without having gone into detail at this stage, will form a very satisfactory solution to the people on the north side. But I would prefer not to be pressed at this time.

**Mr. Ord:** We might speak to Mr. Muir separately.

**Mr. Muir (Cape Breton-The Sydneys):** Yes. I posed some questions the last time we met regarding what I think you have in mind. I might ask Mr. Doucet some questions. Breton VERSATREK produce Jigers. What is the production there now?

**Mr. Doucet:** Mr. Chairman, at the moment it has suspended production because of some trouble with overheating of the transmission. They hope to start in a matter of two or three weeks. They are using what they call hydrostatic transmissions, which always have a cooling problem. They thought that in terms of engineering they had taken all precautions in respect of the housing, which is made of fibreglass, but they did run into some trouble. That has now been resolved by engineers in Toronto, Dowty Equipment, the people who design the power pack, and we hope they will be back in production in a matter of a couple of weeks.

**Mr. Muir (Cape Breton-The Sydneys):** Roughly, how many are employed there at the moment?

**Mr. Doucet:** At the moment, with no production, there would be only two or three.



Before they ended production there were up to 38 employees.

**Mr. Muir (Cape Breton-The Sydneys):** I see. Now is this—I am sure it is—the same type of machine that was produced at Carleton Place? And if I may ask, what happened to that operation there?

**Mr. Doucet:** I could not tell you.

**Mr. Muir (Cape Breton-The Sydneys):** You have not investigated this company to this extent?

**Mr. Doucet:** No. There are several competitors. As a matter of fact there are about 10 in the United States and 7 in Canada. The company itself has looked at its competitive machines and we have seen literature and so forth on the competitive machines, but I do not know the particular one you are referring to.

**Mr. Muir (Cape Breton-The Sydneys):** Well, it was called the Jiger and produced at Carleton Place some years ago—the same name.

**Mr. Doucet:** Are you referring to the Jiger that was being produced in Toronto when we became involved?

**Mr. Muir (Cape Breton-The Sydneys):** There was an operation just outside of Ottawa at Carleton Place. Is it your feeling, Mr. Doucet, that this will be a viable operation?

**Mr. Doucet:** There is no question about it.

**Mr. Muir (Cape Breton-The Sydneys):** There will be sales for it?

**Mr. Doucet:** No question about it.

**Mr. Muir (Cape Breton-The Sydneys):** Do they have an estimate of production?

**Mr. Doucet:** Their plant production for this year would be about 6,000 models.

**Mr. Muir (Cape Breton-The Sydneys):** Very good, very good. And they will be able to dispose of all that?

**Mr. Doucet:** At the moment the dealers will take any number that they can supply provided they solve the transmission overheating problem, which I am assured is now solved.

**Mr. Ord:** Is the number they are going to produce public information?

**Mr. Doucet:** It is so well known locally that I do not think any good purpose would be served by not mentioning it. It might appear that we had something to hide in relation to the number they were going to produce but the company has certainly said it publicly.

**Mr. Muir (Cape Breton-The Sydneys):** Mr. Doucet, what is the specific job of Cape Breton Chemical Corporation?

**Mr. Doucet:** Cape Breton Chemical Corporation will produce strontium carbonate and other related chemicals. This was announced, as you remember, last year. Since then there has been a lot of detailed technical investigations undertaken with respect to feasibility, with respect to plant design and everything else. I would hope that within the next three or four months you would see that plan rise too.

**Mr. Muir (Cape Breton-The Sydneys):** Now do Richmond Plastics manufacture the bodies for Jigers?

**Mr. Doucet:** Yes, Richmond Plastics provides the Jiger with bodies.

**Mr. Muir (Cape Breton-The Sydneys):** But it is a separate entity.

**Mr. Doucet:** It is a separate company.

**Mr. Muir (Cape Breton-The Sydneys):** How many do they have employed?

**Mr. Doucet:** At the moment they are also of course on a reduced scale because of the cessation of production across the way at Breton Versatrek, but I believe they had 36 employees before the Jiger was put out of production.

**Mr. Ord:** You might add that they will go into other applications.

**Mr. Doucet:** Yes, this was mentioned before, Mr. Chairman, and I might repeat it again. Of course they will produce other fibre glass products once they get all the bugs out of their production line for the Jiger body.

**Mr. Muir (Cape Breton-The Sydneys):** Are you in a position to say anything about anhydrides?

**Mr. Doucet:** Let us say that the Corporation—and this is not giving away any confidences—is always looking for industrial opportunities. If that happens to be one we would certainly be following it with all our might. Indeed we are.



**Mr. Muir (Cape Breton-The Sydneys):** I understood that you were actively engaged in exploring the possibilities of an operation in that field. I would hope that it is coming along successfully.

**Mr. Doucet:** Well, we will not be making an announcement tomorrow, Mr. Muir. This is a rather long-term problem.

**Mr. Muir (Cape Breton-The Sydneys):** Would this operate in connection with your Cape Breton Chemical?

**Mr. Doucet:** No, there is no relationship between the two.

**Mr. Muir (Cape Breton-The Sydneys):** What has Devco done in the field of housing apart from the giant complex?

**Mr. Doucet:** This we mentioned before. I would like to correct a statement I made last time before the Committee, which was that we would be entering into an agreement with the Nova Scotia Housing Commission. We did not do that for a variety of reasons and we are now proceeding with an agreement with a Nova Scotia firm to build some housing units which we will rent for five years. So we will have some units, pending the apartments being ready and some other private developments taking place, to use as a clearing house for people coming in with the new industries.

**Mr. Muir (Cape Breton-The Sydneys):** Mr. Ord, as you are probably aware, we have a very difficult wharfage problem at North Sydney. The Department of Public Works are involved in it at the moment. They advised me recently that there is \$50,000 in this year's estimates for examination and so on. I know that this is not very much. I was very disappointed too. This is for a survey and so on.

What I am leading up to is the fact that you, as Devco, now own the old dock, a former Dosco operation there, which is very run down of course but has been used on a temporary basis for loading coal in schooners and other vessels. Because of the slowness of the Department of Public Works, and I am not casting any reflection here, could there not be a joint effort? Would you be interested in approaching DPW with a view to doing something by joint effort financially, with your engineers in command and so on? I ask this for the simple reason that you are probably aware, Mr. Ord, that after the new development was constructed at North Sydney for

Canadian National the public wharf space was taken up mostly by Canadian National, as a result of which vessels have been turned away from not only the port of North Sydney but Sydney also because of lack of docking space.

**Mr. Ord:** Mr. Chairman, we are acutely aware of this problem. I have repeatedly tried to bring pressure, if you want to call it that, on DPW. I think you probably know that we offered to donate that old coal pier provided DPW would fix it up.

**Mr. Muir (Cape Breton-The Sydneys):** Yes.

**Mr. Ord:** I must say I had not considered the propriety of whether we could go in and share the expense, principally because on the whole we try not to do the things that some other department is supposed to do.

**Mr. Muir (Cape Breton-The Sydneys):** This surprises me, and I am very disappointed to hear you say that, because Devco is comprised of men with ideas. Let us not just conform to the natural thing that takes place, let us go out and make suggestions.

**Mr. Ord:** This is where we start to show that we ought to have more ideas and be more flexible than the others, but that \$50,000, as you say, is good only to explore the possibilities. Mr. Blackmore, we are using the public pier to load coal, which is dreadful because the coal pier is in very bad shape.

**Mr. Muir (Cape Breton-The Sydneys):** That is right. And you are going to get a great many protests for doing this, sir, because passengers come from St. Pierre and Miquelon and have to disembark there. There are going to be dust problems and difficulties and this is why I thought you would get your heads together and really do a job on the old pier.

**Mr. Ord:** Well, I think you have a point.

**Mr. Muir (Cape Breton-The Sydneys):** I do not say do it all, I think Public Works should become involved.

**Mr. Ord:** No, but it is a different approach that we should look at—I agree. I cannot make a commitment because the Board has to approve all projects that we put through but I think if there is any way of putting some momentum into that program it would be useful. Of course we have other problems on piers, not just the north side. There is much studying to do, shall we say. As a matter of fact, the province is making a study also.

**Mr. Muir (Cape Breton-The Sydneys):** But you would agree to discuss it with your Board.

**Mr. Ord:** Oh, I think so, sure—because it is getting worse all the time.

**Mr. Muir (Cape Breton-The Sydneys):** Yes, a very bad situation exists at both ports, the ports of Sydney and North Sydney. Docking facilities are quite limited. May I ask you, sir, where it is planned to locate the second industrial park?

**Mr. Ord:** Are we prepared to say?

**Mr. Doucet:** Do you wish to answer that question? You know, there are questions of land involvement and everything. Broadly speaking, it is in between the Sydney airport and Sydney.

**Mr. Muir (Cape Breton-The Sydneys):** Do you have anything in mind? Again I come back to the north side of Sydney harbour. Do you gentlemen have anything in mind regarding an industrial park in that area? I realize that you cannot put industrial parks all over the place.

**Mr. Doucet:** There already is a small industrial park there, as you know, Mr. Muir.

**Mr. Muir (Cape Breton-The Sydneys):** There is a small one at North Sydney.

**Mr. Ord:** There is not very much land available for that purpose.

**Mr. Doucet:** Let me put it this way: I personally have not thought about it.

**Mr. Muir (Cape Breton-The Sydneys):** I am thinking about the population of North Sydney, 10,000; Sydney Mines, 10,000; you have Bras d'Or, Florence and all the other areas in that location and maybe with more opportunities you might induce someone to come into that area.

**Mr. Doucet:** Let us put it this way, if I may, Mr. Chairman, to Mr. Muir—that we will be glad to put industries anywhere they want to go provided there is serviced land available or can be made available at reasonable cost. Let me say further that we do not have too much choice. Our bargaining position is pretty weak. We have enough trouble getting them to come to Cape Breton without then being in a position to tell them where they go. I might say though that we are at the

moment negotiating with some people, one of whom will go in other than the existing industrial park or in the new one, and another one might come. You know, one might be the Glace Bay end, the other might be the north side, but this would make very little contribution in the terms that you are talking about.

**Mr. MacInnis (Cape Breton-East Richmond):** What you are saying, Mr. Doucet, is that any industry coming into Cape Breton is not restricted to operating within any given industrial park.

**Mr. Doucet:** No, provided they can find suitable industrial land.

**Mr. MacInnis (Cape Breton-The Sydneys):** You have already indicated, without saying as much, that one industry about to develop is going to be right within the town limits of Glace Bay. Is that right?

**Mr. Doucet:** Well, I did not say that, but I said one within the north side and one at the other end.

**Mr. Muir (Cape Breton-The Sydneys):** Mr. Chairman, during the discussion some minutes ago Mr. Fullerton, Mr. Blackmore and Mr. MacInnis were talking about the possibility of part-time employment for those who are on pre-retirement. Well, I think it is a matter of wishful thinking because part-time employment is practically non-existent. We have hundreds of students who will not be working this summer, we have an unemployment rate I am sure in the vicinity of 15 per cent, and when I point out these things I am sure you will understand why I am so concerned about the Sydney Mines-North Sydney area. In other words, if the Princess colliery were to go down tomorrow, if we have a bump or an explosion, I really do not know what is going to happen to the people in that area. There is no other alternative, it is the backbone of the economy, and I am repeating myself again when I mention the service trades and everything concerned and connected with it. That is why I am pressing the members here from Devco on what possibly may be done in that particular area. I hope you will understand that and I do hope that I will have an opportunity to talk privately with Mr. Blackmore along those lines.

**Mr. Ord:** Well there are plans and Mr. Blackmore will be glad to talk to you.

**The Chairman:** Thank you, Mr. Muir. Mr. MacInnis, do you have any further questions?

**The Chairman:** Thank you very much, gentlemen of Devco. I hope that you have a good trip to Sweden, Mr. Fullerton.

**Mr. MacInnis:** You really do not mean that.

**Mr. Fullerton:** Thank you very much, sir.

---





# THE HISTORY OF THE

REIGN OF

CHARLES THE FIRST

BY

JOHN BURNET

IN TWO VOLUMES.





HOUSE OF COMMONS

First Session—Twenty-eighth Parliament

1968-69



STANDING COMMITTEE

ON

# REGIONAL DEVELOPMENT

*Chairman:* Mr. JOHN MORISON

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 13

TUESDAY, APRIL 29, 1969

Estimates (1969-70) of the Department of Regional Economic  
Expansion.

WITNESSES:

*(See Minutes of Proceedings)*

STANDING COMMITTEE ON REGIONAL DEVELOPMENT

*Chairman:* Mr. John Morison

*Vice-Chairman:* Mr. Alexandre Cyr

and Messrs.

Blouin,	<sup>2</sup> Lefebvre,	Muir ( <i>Cape Breton-The</i>
Broadbent,	Lundrigan,	<i>Sidneys</i> );
Comtois,	MacDonald ( <i>Egmont</i> ),	Nystrom,
<sup>1</sup> Émard,	MacInnis ( <i>Cape Breton-</i>	Roy ( <i>Laval</i> ),
Gauthier,	<i>East Richmond</i> ),	Serré,
Honey,	McGrath,	Sulatycky,
LaSalle,		Whiting—20.

(Quorum 11)

R. V. Virr,  
*Clerk of the Committee.*

Pursuant to S.O. 65(4)(b)—

<sup>1</sup> Replaced Mr. Smerchanski on April 29, 1969.

<sup>2</sup> Replaced Mr. Robinson on April 28, 1969.

## MINUTES OF PROCEEDINGS

[Text]

TUESDAY, April 29, 1969.

(13)

The Standing Committee on Regional Development met this day at 11:15 a.m., the Chairman, Mr. Morison, presiding.

*Members present:* Messrs. Blouin, Comtois, Émard, Honey, La Salle, Le-febvre, MacDonald (*Egmont*), McGrath, Morison, Roy (*Laval*), Serré, Sulatycky, Whiting.—(13).

*Also present:* Messrs. Marshall and Peters, M.P.'s.

*Witnesses: From the Department of Regional Economic Expansion:* Mr. Tom Kent, Deputy Minister; Mr. D. W. Franklin, Director-General of Administration and Evaluation.

The Chairman called Vote 1 of the Department of Regional Economic Expansion after questioning the officials.

Vote 1 was carried.

Vote 35 relating to Cape Breton Development Corporation was carried.

The Chairman was instructed to report the estimates to the House.

On motion of Mr. Whiting,

It was agreed that the report to the House include a recommendation to the House that the Committee visit various locations in Eastern and Western Canada to inspect and discuss regional development programmes to which the Federal Government contributes.

On motion of Mr. Comtois,

Agreed that the proceedings of April 22 be printed and included in the official records of the Committee.

Mr. Sulatycky moved,

That the Chairman be authorized to hold meetings to receive and authorize the printing of evidence when a quorum is not present. Carried on Division.

At 12:40 p.m. the Committee adjourned to the call of the Chair.

R. V. Virr,  
*Clerk of the Committee.*





## EVIDENCE

*(Recorded by Electronic Apparatus)*

**Tuesday, April 29, 1969.**

• 1113

**The Chairman:** Gentlemen, today we have a quorum. Mr. Kent and Mr. Franklin are witnesses this morning. As you who have been with the Committee know, we have passed all votes and loans other than Votes 1 and 35, the Devco Votes. Your steering committee decided that we would have Mr. Kent and Mr. Franklin here to answer any outstanding questions that you might have on the administration, programming, or planning of the Regional Development Committee.

Are you signalling that you wish to ask a question, Mr. McGrath?

**Mr. McGrath:** When you are finished with your opening statement.

**The Chairman:** Fine and dandy.

Because we have covered most of the ground and because, of course, we are interested in getting you out by noon if we can, if that is your wish, we will start immediately by questioning the witnesses. I do not think it is necessary for them to make an opening statement. Since you have signified that you would like to start, Mr. McGrath, it is my pleasure.

**Mr. McGrath:** Thank you, Mr. Chairman. I just wanted to know if Mr. Kent has been on a tour of the provinces that do not have FRED agreements with the government, to discuss with the premiers of these provinces how they will fit into future plans of the regional and economic development department?

• 1115

**Mr. Tom Kent (Deputy Minister, Department of Regional Economic Expansion):** No, sir, not specifically in that form, not with provinces that do not have FRED agreements. We are in the process of having consultations with the senior officials of all provinces, all ten, about our programs in general. This is the sort of consultation that applies equally to all provinces, not just to ones that do not have FRED agreements.

**Mr. McGrath:** Have you had consultations with the government of New Brunswick and the government of Newfoundland?

**Mr. Kent:** Yes, sir.

**Mr. McGrath:** Would you be in a position to tell us what was the result of these consultations?

**Mr. Kent:** I naturally do not want to be uninformative, but I think you will understand, sir, that it would not be right for me at this stage to talk about the results. At the appropriate point, after all provinces have been consulted, I think the Minister has indicated that he would be saying something. I hope you will excuse me from doing so in the meantime.

**Mr. McGrath:** I hope you will excuse me for asking the question. It was prompted, Mr. Kent, by the fact that both of these provinces are experiencing financial difficulties at the moment, to put it mildly. They are both having difficulty making ends meet. They both found it necessary to bring in very tough austerity budgets, increasing what is already a tax burden beyond the capacity of the people. Naturally, there is a great deal of interest as a result of this current financial crisis in these two provinces.

As a matter of fact, I am just wondering how they can afford to enter into any more shared-cost programs. Certainly the province of Newfoundland cannot and it would appear that the province of New Brunswick cannot. Can you shed any light on how the plans of your Department can accommodate this situation in these provinces where they do not have the capacity to enter shared-cost programs?

**Mr. Kent:** We were discussing the things that could be done for regional and economic expansion within the financial capacities of governments concerned.

**Mr. McGrath:** That is a very good answer. You will have to let me think about that for a while, Mr. Kent. My question was that these two provinces are on the verge of bankruptcy and nothing short of something very dramatic

being done by the federal government is going to save the day. It would seem to me that this would come within the ambit of your responsibility. You say that your discussions with these provinces are within their capacity to participate.

**Mr. Kent:** The financial capacity of both provinces?

**Mr. McGrath:** Yes.

**Mr. Kent:** Certainly, the implication of that fairly, I think we would all recognize at this point, is that we were discussing things that, in the short run, would not place a significant extra financial burden on the provinces.

**Mr. McGrath:** I am rather intrigued, Mr. Kent. This is not as a comment or an observation. It is a question. The decision to build the new international airport was a regional development decision I understand?

**Mr. Kent:** No, sir, the decision to build the new Montreal airport...

**Mr. McGrath:** I beg your pardon, I mean the location of it.

**Mr. Kent:** We were not involved in the decision to build the airport. We had a role in the decision as to where.

**Mr. McGrath:** Certainly, if you can make a case for the northern part of the Province of Quebec, north of Montreal—the consequence of which would be a substantial government expenditure—it would seem to me that something dramatic like that has to be done in the Provinces of New Brunswick and Newfoundland. Is that correct?

**Mr. Kent:** The decision to build the airport was a decision based on the transportation need to serve the market of which Montreal is the centre.

**Mr. McGrath:** If it was based on transportation need, where would you fit into it?

• 1120

**Mr. Kent:** We did not fit into the decision about whether or not to build the airport, but the decision about where. Given that the airport was going to be built, where was the location which met the transportation requirements that is to say, of being as near as possible to Montreal, of being in its technical aspects a suitable site, and within those possibilities which would be the most helpful in

terms of economic development. That was our only involvement.

**Mr. McGrath:** I have just one or two questions, Mr. Chairman. Are you familiar, Mr. Kent, with the Operation Bootstrap that was conducted or is under way in Puerto Rico.

**Mr. Kent:** I know something of it, yes, sir.

**Mr. McGrath:** Has your department taken a look at that to see if the same type of crash programming can be applied to provinces like New Brunswick and Newfoundland?

**Mr. Kent:** The circumstances are in some ways different, but most certainly the object of the programs which we have been discussing with the provinces is to obtain the most rapid possible increase in employment and incomes in New Brunswick, Newfoundland and the other provinces.

**Mr. McGrath:** Mr. Chairman, I wonder would it be possible for the Committee, through the U.S. Information Services, to get information on that Operation Bootstrap for the Committee.

**The Chairman:** I think that would be a good idea.

**Mr. McGrath:** It would be very useful to us. I have one final question, Mr. Chairman, and that is to ask you when we propose to take a look at these provinces?

**The Chairman:** The steering committee are going to meet, I think, tomorrow and I will give you a firm answer on that at the end of the week or maybe the middle of next week.

**Mr. McGrath:** Thank you.

**The Chairman:** Mr. Marshall, was yours a supplementary question?

**Mr. Marshall:** It is related. Mr. Kent with regard to this Montreal airport, the funds were around \$644 million; is that right?

**Mr. Kent:** I do not recall the exact figure, but it was a substantial sum.

**Mr. Marshall:** It is over \$500 million now.

**Mr. Kent:** Yes indeed, in total.

**Mr. Marshall:** The announcement of the airport came under the Department of Regional Economic Expansion in relation with the Department of Transport?

**Mr. Kent:** The announcement was made by the Minister of Transport and I think jointly



by the Minister of Regional Economic Expansion; yes, I think it was joint.

**Mr. Marshall:** Yes, I can understand it because there is a relationship between departments, but how can they suddenly find \$644 million, or over half a billion dollars for an airport? It is more than is in the vote. Why can there not be an immediate emergency announcement made like that with regard to other problems which are just as pressing or more pressing in other provinces? They find over half a billion dollars immediately for an airport and yet...

**Mr. Kent:** If I may say so, sir, these are not expenditures immediately. These expenditures are going to be made over a very considerable period.

**Mr. Marshall:** I realize that but they are committed, and it is more than is in the vote under Regional Economic Expansion. I am surprised that suddenly they could find a big amount like that for an airport and yet there are other needs with more justification for industrial development, and there are more needs in other provinces, and it is always red tape and everything else to find justification to do something.

**Mr. Kent:** I do not think the need is development in the sense that it is something that is being done in order to increase the rate of growth near Montreal. The decision to build the airport really—I must ask for your indulgence, Mr. Chairman because I suppose in a very strict sense I should not be answering this as it is really the business of the Department of Transport but I think it is quite proper in the circumstances. The decision to build the airport in Montreal was based simply on the fact that it is the responsibility of the federal government to provide adequate airport facilities in order that the needs of the traffic can be met. The existing airport at Dorval will not be adequate to meet the traffic needs in a few years' time and, therefore, for this sort of public facility it is the role of

• 1125

government to provide it as a matter of need, of response to meeting the traffic, so that people can fly to and from Canada rather than presumably all the transatlantic traffic go to New York and not come to Canada at all except from New York. It is the response to a need.

**Mr. Marshall:** I am not against the need and I wholeheartedly agree with this, but

suddenly it was justified under a new department, the Department of Regional Economic Expansion, for vast amounts of money.

**Mr. Kent:** No, sir, it is not an expenditure of the Department of Regional Economic Expansion. It is an expenditure of the Department of Transport in the normal course of the responsibilities of the Department of Transport.

**Mr. Marshall:** In relationship with the Department of Regional Economic Expansion.

**Mr. Kent:** We were involved simply and solely as the department which could best advise the government as a whole on the economic aspects of the choice of where exactly the airport was located. That was our only involvement.

**Mr. Marshall:** I will not pursue it. Is there another department where some justification could be made for industrial development? For example, I am referring to western Newfoundland again where there is a prospect of Bonne Bay Park which has terrific possibilities. Could there not be an inter-relationship with the Department of Indian Affairs and Northern Development and the Department of Regional Economic Expansion to develop this?

**Mr. Kent:** Yes, sir.

**Mr. Marshall:** But again it has to start from the province?

**Mr. Kent:** That depends on the nature of the case, so to speak. The airport did not start from the province; it started from the need for the airport being decided by the Department of Transport whose jurisdiction it is.

**Mr. Marshall:** And probably a tunnel across the Straits of Belle Isle.

[Interpretation]

**Mr. Énard:** Mr. Chairman, on page 5 of the new book on the Estimates, it is stated that the object of the program, in part, is to ensure "the optimal use of federal resources in conjunction with provincial resources."

What do you mean by federal participation, particularly in Quebec? Does that mean that the federal government is going to supply funds or the greatest amount of the funds and that the Quebec government is going to decide how to use it?

**Mr. Roy (Laval):** I hope not!

**Mr. Émard:** So do I!

[English]

**Mr. Kent:** I think the answer, Mr. Chairman, depends on the circumstances of the particular program. The FRED plan in the Gaspé is one where the federal government, in effect, provides the greater part of the funds and how they are spent is decided jointly by agreement between the two governments project by project in accordance with the general structure of the plan. That pattern is the same for the other FRED plans because this is what the FRED legislation involved.

There are other programs of course and the industrial incentives program is an example where the decisions are purely federal, though we take care to consult as closely as we can with the province.

The FRED legislation as such, of course, was repealed by the legislation creating the new department, but there is in the legislation for the new department power to make similar sorts of plans where again there would be a federal contribution to programs which would be approved jointly by the two governments, and carried out by whichever of them was appropriate to the jurisdiction. That, I think, is almost certainly bound to be one type of plan that we will continue for some situations.

There will be many others, though, where the expenditure is purely federal. I think I can only give a general answer because it is a general question.

[Interpretation]

**Mr. Émard:** If I understand correctly what you said, when we decide in general, to spend a certain amount of money, and in this case I am referring to the province of Quebec, it is that province which is going to spend these funds.

[English]

• 1130

**Mr. Kent:** No, sir, not in some circumstances; this will happen as it does under many federal programs, that is to say the federal and provincial governments, together, will decide on the things that are most needed for the economic development of a region. So far as those things within provincial jurisdiction are concerned—let us say, building roads, which I choose because it is a thing

that has been done on a fairly large scale in the Atlantic Provinces and also under the Trans-Canada Highway agreement in Quebec—once it has been agreed that this is an important thing to do for economic development and the two governments, together, have agreed on which are the priority roads for the purposes of economic development, then the actual building of the roads would be done by the province with federal assistance.

However, equally, if it were building a wharf which is in federal jurisdiction then the actual building of the wharf would be done by the federal government. It does depend on which jurisdiction it is in.

[Interpretation]

**Mr. Émard:** What control do you have on the money that you supply to the various provinces for these types of plans?

[English]

Once the amount has been quoted.

**Mr. Kent:** First of all the project has to be approved jointly by the two governments. Let us take the case of a FRED type of plan. This would mean that approval would be necessary by a joint advisory board of officials, whose recommendation on the federal side is made to the Minister and submitted to Treasury Board. If the project is approved by Treasury Board in that way the funds that are available are handed over to the province, when the province can prove that they have been spent in accordance with the terms of the project. In other words, the control is, I think it is fair to say, a close and effective one.

[Interpretation]

**Mr. Émard:** What do you mean by personnel control? Is there a special way, or does the province merely submit its expenditures and the federal government pays?

[English]

**Mr. Kent:** The province has to show that what it has spent is in accordance with the project which was jointly agreed in advance.

[Interpretation]

**Mr. Émard:** But does the federal government exercise some form of supervision over the projects that have been carried out?

[English]

**Mr. Kent:** The accounts have to be audited by the federal auditor, yes.



*[Interpretation]*

**Mr. Émard:** This is not what I mean, Mr. Kent. I will give you a good example, i.e. the federal participation in winter works. I do not have to tell you how much money was wasted, in several cases, which had been supplied by the federal government. Now I do not want to see the same thing happening if your Department were to supply funds to the provinces.

It seems, from what you say, that there is no direct supervision on the various projects being carried out, and I think the federal government should not give out millions of

• 1135

dollars without having a strict supervision over the work proper.

*[English]*

**Mr. Kent:** The control system, in the case of programs under this Department, is very different from the one that was used for winter works. Winter works, of course, was a responsibility of the Department of Labour and then of the Department of Manpower and Immigration. It was recognized in that program that the control problems were very difficult indeed, and that certainly some of the expenditures were probably not altogether in accordance with the intent of the program. This was one of the reasons why it was brought to an end.

However, in that program there was not any federal approval of the projects in advance. Whatever the work the municipality, through the province, submitted as work that it wanted to do in accordance with the winter works program, and which was within the terms of the program, was approved automatically. There was no consultation about whether the project was a good project or not; whether it was worth doing. The federal government, in effect, knew very little indeed about the projects and therefore the auditing was purely a mechanical process of ensuring that money had actually been spent as paid out in wages because in that case, as you know, the program was a contribution to the wage costs of doing the work in winter.

Under the FRED type of plan or under things like the ADB trunk highways program, which is another example, the actual projects, the number of miles of road to be built, where they are to be built and so on, is determined in advance by agreement that the federal government approves. When the road is being built, Department of Public Works

engineers inspect the road and make sure that the work has actually been done to the standards that were laid down. Then the bills are audited and on that basis only does the federal government pay out its money. In other words, I think the structure of control in this case is—well, certainly different from and, I think it is fair to say, more effective than in the case of the municipal winter works program.

*[Interpretation]*

**Mr. Émard:** I would have many other things to say, but I know that time is short. In addition to this question, I would like to ask another one, i.e. would it not be possible to have a bit more publicity regarding the percentage paid by the federal government? For instance, I remember a few years ago I attended the inauguration of a bridge in the province of Quebec. Ninety per cent of the cost of that bridge had been paid by the federal government, and only 10 per cent by the province. At the inauguration, there was nobody from the federal government except myself, I stood in the rear. The province of Quebec took the whole credit, while it was mentioned that the federal government had participated in the building of the bridge. That was all that was said for the federal government.

I wish to move to another topic. You mentioned a while ago that your Department had had something to say concerning the site that has been chosen for the international airport.

Did the province take any part in the decision to build the airport at Ste. Scholastique?

*[English]*

**Mr. Kent:** The discussions about the location of the airport, the review of the economic considerations concerning where it should be located, was supervised by a joint committee representing both the federal and the provincial departments concerned. There were, of course, differences of interpretation as to where was the most advantageous site and therefore this meant that the province did not really agree with the selection of the site. However, most certainly it took part in the examination of all the information related to the decision.

**Mr. Émard:** Thank you.

**Mr. MacDonald (Egmont):** While that question of the airport is up perhaps I may ask a question that relates to those I was asking earlier. I think it does introduce the whole question of what kind of liaison there is going



to be or what kind of a relationship there will be with the Department of Regional and Economic Expansion and other departments that are making decisions that have an impact upon questions relating to regional development. You indicated, Mr. Kent, on March 25 when you were here, that you thought that

• 1140

there would be a number of interdepartmental committees or task forces that would function in this regard and that quite often the chairmen of these task forces would be representatives from your Department. Are in fact those committees functioning now? If so, could you indicate the nature of some of them? Naturally we do not want to know who the personnel are, but what kind of terms of reference or with what specific responsibilities are these task forces or committees functioning at the present time?

**Mr. Kent:** The particular committees to which I was referring then, Mr. Chairman, or task forces I would sooner call them, interdepartmental task forces, are not yet functioning because they come at the second stage in the process which we have just begun. The point of the initial consultations with the provinces was to agree on some priority task forces that would be set up initially of simply our Department and the provinces concerned to begin—well, more than to begin—to quickly flesh out the general lines of certain specific plans which we hope to have worked out and agreed within quite a short time. When the spelling out of the lines of those plans has been agreed upon, then there will be an interdepartmental task force in each case chaired by ourselves to work out the details with other federal agencies which would be involved. For example, a group of officials is going to one Atlantic province this week to begin the follow-up on the things that were discussed in general terms in the first outline of the plans two weeks ago. Shortly after they have reported, we will be at the stage of setting up an interdepartmental task force. But at this first stage it is purely one of our department.

**Mr. MacDonald (Egmont):** So that I might be clear, then, as to what you have said, to sum up, the first stage is the consultation with the provinces over some federal-provincial task forces on specific areas of development. Is that correct?

**Mr. Kent:** The first stage is the discussion with provincial officials to explore the lines of

the priority things that we should do, by agreement with the particular province concerned. The second stage is to flesh that out in a little more detail to the stage where a proposal can be submitted to both Cabinets. If those Cabinets approve of the general lines of that plan, then there will be on our side an interdepartmental task force to work out the details and, hopefully, to draw up with the appropriate provincial departments an agreement which will then be submitted to Cabinet and so on.

**Mr. MacDonald (Egmont):** I think we are talking about two slightly different things. I do not want to lose sight of what you have just said, but what I was referring to in the first instance was the questions of other departments making regular decisions that undoubtedly will have an effect, sometimes a very great effect, on the over-all programs or projects of the Department of Regional Economic Expansion. Now, just to give you one specific example, every year there are many decisions made by the Department of Public Works. There has been some suggestions, and I think it is accurate that this year there has been quite a reduction in Public Works activity in the Atlantic Region and there is a feeling which I share, quite frankly, that this is not going to have a helpful effect on the economy of the Atlantic region. In what way are the decisions of Public Works, to give you a specific example, being co-ordinated with the activities and the programs of your Department? Is there at the present time, for instance, a task force or a committee functioning for that relationship?

**Mr. Kent:** I cannot speak for the decisions affecting this year's expenditures because

• 1145

those were decisions that were made way back last year before the new Department existed.

**Mr. MacDonald (Egmont):** But there are plans being made now which will affect next year's decisions, obviously.

**Mr. Kent:** Before decisions are made respecting next year's expenditures, most certainly there will be a consultation as to the relationship between Public Works plans and the development plans which we are now beginning to work out. We are not yet at the stage to have those detailed discussions because on the one side the Department of Public Works plans for 1970-71 are not yet

complete, and nor indeed do we yet have the details of our plans worked out. But before their decisions are made and their plans are finalized, most certainly there will be consultation as to their fitting into the plans for regional economic expansion.

**Mr. MacDonald (Egmont):** As we have learned in the past few months the word "consultation" can be open to a variety of interpretations and I would not want to have just the word "consultation" stand there in the record without a little more specific idea. I realize perhaps I am asking you to talk about something that has not yet been fully determined, but you did mention task forces and even that has a bit more of the nature of specifics about it. I think in the past we have had consultation—at least it has been called consultations—and we know it has not been terribly effective; so beyond the kind of general reference to consultation, can you be a little more specific?

**Mr. Kent:** I do not quite know how to be, frankly. The specifics are a matter of how business is done day by day, so to speak. I think it is quite clear that it is the intention of the government—and if it is the intention of the government there are certainly no difficulties about implementing it—that decisions affecting the development of the slow-growth regions of the country which are made by various departments in the course of their business will be taken after discussion with the Department of Regional Economic Expansion and finally decided upon by Treasury Board or Cabinet itself, depending on the nature of the project in the light of whether or not they fit in with the support and advance of the economic development plan.

**Mr. McGrath:** I have a supplementary question. Where does the Atlantic Development Board fit into this? And secondly, when do you expect to appoint the Atlantic Development Board. I expected you to refer to the Atlantic Development Board in answering Mr. MacDonald's question.

**Mr. Kent:** I do not think the Atlantic Development Board, sir, would be involved in the type of quite specific departmental decision-making that Mr. MacDonald was referring to. The Atlantic Development Board most certainly fits into the general planning of the kind which I was talking about in answer to the earlier part of Mr. MacDonald's question. For example, in our first series of consultations with the provincial governments, I took

care to arrange the timetables so that I spent the relevant week-end in Fredericton with the Executive Director of the Atlantic Development Board, who is the only member, as you know, who has as yet been appointed, precisely in order that he can meet with the group of federal officials and we can discuss with them the general lines of the strategy that we were discussing with the provinces. We discussed it with him in general before that but we will discuss it more specifically. So that is the answer, I hope, to the first part of your question.

As to when the members will be appointed, I think this depends entirely on how quickly the responses are made to the requests that the Minister has made for advice from the four governments of the Atlantic Provinces and from a considerable number of private organizations. Almost immediately after the legislation was passed, in the first week of

• 1150

April, the Minister wrote to the four premiers and to a number of organizations. The replies, I know, have begun to come in but they are not all in yet and clearly that consultation is the sort of consultation which takes a few weeks; there is no escape from this. The organizations involved have directors in various places in the Atlantic provinces. They have to have some consultation among themselves before recommending their list, so that it will be a few weeks, precisely because of the consultation, before the membership can be completed, but certainly we moved immediately to put it in hand with all possible speed.

**Mr. McGrath:** I presume you will be writing to the Atlantic provinces' members of Parliament to get their advice on this too?

**Mr. Kent:** The requirement of the legislation, sir, was to consult with the governments of the four provinces and with representative voluntary organizations.

**Mr. McGrath:** This is certainly no voluntary organization.

**Mr. MacDonald (Egmont):** If I could come back to phase one again, in this consultation you are having with the provinces now, I was interested to note that you mentioned to Mr. McGrath that you are in the process of consulting with all 10 provinces, yet I think I got the implication that in the devising of various programs and projects there is no compulsion



to have these uniform across the country; in other words, they will vary from province to province, very likely. Is that correct?

**Mr. Kent:** Most certainly. Yes, sir.

**Mr. MacDonald (Egmont):** The discussion that you had with the various provincial authorities already was not just involved on the matter of the industrial incentives legislation that will be developed fairly soon but I gather it involves some discussion on that specific item?

**Mr. Kent:** That is the item which at this stage is the concrete one common to all 10 provinces.

**Mr. MacDonald (Egmont):** You said also you thought the Minister would be making a statement on this consultation shortly; is that correct?

**Mr. Kent:** I do not think I said "shortly". I said "at the appropriate time". Presumably, the Minister would make a statement; it would certainly be a statement from the Minister, not from me.

**Mr. MacDonald (Egmont):** I realize that. I think this is an important question. I do not know if the Minister will be appearing before the Committee again, Mr. Chairman. Perhaps at that time we could ask him questions with regard to this consultation that is taking place.

**Mr. Kent:** Perhaps I could make one remark relevant to that, Mr. Chairman. Owing to certain transportation problems, our consultations have gone through the initial phase with all the provinces except the three prairie provinces. They were the three which we had been planning to visit this week, but the complication of transport at the moment make that a little difficult, so we are not quite sure when we will have completed this process.

**Mr. MacDonald (Egmont):** Apart from this initial consultation that you are having with the provincial officials, is any machinery being established for an on-going kind of consultation with the provinces in this field?

**Mr. Kent:** There are various kinds of consultations for different programs. In all cases, so far as the industrial incentives program is concerned, we have agreed with the provincial officials as to the type of working arrangements that we would establish with each province individually. So far as other pro-

grams are concerned, the kind of programs that we were discussing particularly with the Atlantic provinces at this stage, we agreed in all cases on the next step in the development of the program, and on the machinery for the next step.

**Mr. MacDonald (Egmont):** I realize there are other members who have questions to ask. I will pass in just one moment. I did ask at that March 25 meeting for some fairly specific information with regard to, if not the job

• 1155

description of the various key people in the Department which you felt might be available, at least some fairly specific terms of reference that would apply to the various divisions as they are set up under the new department. I also asked for some information on how the evaluation of departmental and program effectiveness would take place. Since this is more or less of a technical question, perhaps, is it possible today or will it be possible later for you to table with the Committee some information in that regard? The specific questions are on page 183 of the Committee's report and I think it will be important for the future work of the Committee if this material could be an appendix to our proceedings, if it is not available today.

**The Chairman:** This just has not been distributed to the Committee but probably the easiest thing to do would be to have it put on the record so that it will appear in the next report. The Steering Committee might look over it.

**Mr. MacDonald (Egmont):** Is it available now?

**The Chairman:** Yes, it is always available. We will have a look at it and if we have to augment it we will, and then we will publish it in the report.

**Mr. MacDonald (Egmont):** All right. I will pass for now. I may have some more questions later.

**The Chairman:** Mr. Lefebvre.

**Mr. Lefebvre:** I just want to ask one or two short questions. I hope it is not something you have repeated before, but I am a new member of the Committee.

Are the same criteria being used now to designate new areas for federal grants for incentive to industry as were used before? I notice that just recently, I believe, two or



three new regions have been designated for these grants. Has there been a change in the way in which you go about this?

**Mr. Kent:** No, sir, not yet. There are really two stages in this process. First, the Minister announced in September that under the departmental legislation, the Government Organization Act, 1969, as it was proclaimed on April 1, the nature of the designation would be changed from what had previously been provided in the Department of Industry Act because it would be said that areas might be designated, not only on account of unemployment conditions in the area itself, but also on account of conditions in the region to which an area belonged. This meant that whereas under the criteria as they have existed under the present ADA program, the areas of Halifax, Dartmouth, Saint John and Fredericton were not eligible as areas considered in themselves. They are eligible because the whole region of the Maritimes does meet the criteria and, therefore, the necessary Order in Council to designate those areas has now been passed under the authority of the new legislation. However, this is stage one in the process. The Minister has also announced that quite soon—he hopes, indeed, next month—he will be proposing new legislation to change the area development incentives program much more fundamentally and, as part of that change, there will be an opportunity to use new criteria for designation; in other words, they will be changed when new legislation becomes effective but, obviously, not until then.

**Mr. Lefebvre:** Are there any areas that were formerly designated which have received federal help for establishment of industries and which are now being studied for being removed from the list of designated areas?

**Mr. Kent:** A continuous check is kept as to whether areas remain eligible for designation under the present criteria, and there are no areas now designated which, under the present criteria, would at this moment be removed. Obviously with the new legislation, the introduction of new criteria, it is possible that the areas could change theoretically in

• 1200

either direction, that different regions can be added; theoretically, certainly the effect of new criteria obviously would be that some that qualify under the present criteria might

not qualify under the new ones, but that is something which obviously I cannot anticipate at this stage.

**Mr. Lefebvre:** I will pass for now, Mr. Chairman.

**The Chairman:** Mr. Roy.

[Interpretation]

**Mr. Roy (Laval):** Thank you, Mr. Chairman. I notice that the time is going fast. I shall only ask two questions, as I expect the answers to be quite long, which shortens the time set aside for questions. I would like to discuss shared-cost programs and rights of supervision over the administration. Since the time has been going quite fast, would it be possible, Mr. Chairman, to speak about the BAEQ in the east of Quebec? If my information is correct, I believe that this program is not administered in the same way as the other shared-cost programs that exist in the other provinces. Is this really the situation? Is the BAEQ program in eastern Quebec identical to the share-cost programs that exist in the other provinces?

[English]

**Mr. Kent:** It is administered in exactly the way that I tried to describe in response to earlier questions, in exactly the same way as the other programs under the Department which are of a shared cost nature—just like the other FRED programs.

[Interpretation]

**Mr. Roy (Laval):** Mr. Chairman, would it be possible to have people from the BAEQ come and give evidence before us to find out how the recruitment of the staff is being done? There is a budget in excess of \$20 million solely for the personnel. I think that for the Committees it would be very interesting to know how staff is hired and also to know about the activities of the BAEQ program since its existence. I have been in that region recently, and there is some doubt as to the efficiency of present activities. It seems that the federal government is being accused for lack of efficiency. My information is that the administration of this program has been entrusted partly to the province. At the present time, the federal government is being blamed for lack of efficiency in implementing this program.

I would like, if it is possible, to ask the persons who are responsible for the BAEQ program, both at the federal and provincial levels, to be here so that we can see what the situation is really.

If the Committee so wishes, I could move a motion.

[English]

**Mr. Kent:** Many parts of the program are administered by the province. Presumably, some arrangement would have to be made with the province in so far as the appearance of those people are concerned.

The part of the program which is under federal administration—the principal part—is the manpower program, manpower service and manpower training. Officials of the Department of Manpower and Immigration would be the people from the field who could talk about the specific implementation.

Concerning the general control, Mr. Sau-mier, who is one of the federal members of the general advisory board for the program, has, I think, appeared before the Committee, and, in part at least, has discussed this subject. Either he or Mr. Weeks, who are the two officials of the Department, are directly involved. I think they are probably the people who should deal with any remaining questions.

[Interpretation]

**Mr. Roy (Laval):** Mr. Chairman, can we have this on our agenda, that is to say, a discussion of the activities of the BAEQ and its present achievements? These are the short and long term programs. Because right now, the federal government seems to be charged for the lack of efficiency that exists in this program, I think it would be useful for the information of the members of this Committee here to have details on these matters.

[English]

**The Chairman:** Mr. Roy, I do not know how it can be fitted into the agenda at this time, but I appreciate your bringing it up. I think that we might look into it further when we have our Steering Committee meeting about where we are going to visit when we leave Ottawa. We intend to go down into the East and that might be a very good time to go down and see it right on the spot.

**Mr. Comtois:** And will the officials be on the spot?

**The Chairman:** Well, whether we put them on the spot or...

**Mr. Énard:** A supplementary question, please. Mr. Chairman, is it a fact that the employees of the BAEQ are hired by the Province of Quebec and paid by the federal government, and that the amount of salaries paid would be about \$20 million?

**Mr. Kent:** Mr. Chairman, I am afraid I cannot answer precisely the question about what the salaries are, but they are certainly not \$20 million a year. What is the figure in the Estimates for this year, Mr. Franklin? Is it \$14 million?

• 1205

**Mr. D. W. Franklin (Director General of Administration and Evaluation, Department of Regional Economic Expansion):** Something like that.

**Mr. Kent:** That is for the total federal expenditures.

**Mr. Énard:** I am not too concerned with the amount of money spent. All I am concerned with is whether or not it is a fact that these employees are hired by the Province of Quebec and are paid by the federal government.

**Mr. Kent:** I cannot give a simple yes or no.

**Mr. Énard:** Try to make it as simple as possible.

**Mr. Kent:** I will, sir. The plan includes the provision of manpower services, manpower training, where the officials involved on the manpower organization side are federal officials. It is quite true that, because most of the activity in the plan is under provincial jurisdiction, the only way in which the federal government can put resources in a development plan of that kind is by making payments to the provinces to enable them to do things that they could not otherwise do. This is the nature of our constitution.

The solution which we are attempting to find to this problem is more than has been done in the past, more than was done under the example you quoted earlier, sir, of the municipal winter works program. We reached detailed agreement in advance with the province about exactly what the program will be, and exactly on what terms the money will be spent. But the actual spending of it, undoubtedly, is in provincial jurisdiction and must either be done by the province or it will not be done at all.

[Interpretation]

**Mr. La Salle:** A supplementary question, Mr. Chairman. Is the same method used in the other provinces? I think it is the same thing in the other provinces, i.e. the provincial government hires the staff and the federal government pays, isn't that so?



[English]

**Mr. Kent:** For the same type of program, it is exactly the same in every province. Yes, sir.

[Interpretation]

**Mr. La Salle:** Mr. Comtois says it is better, but I am quite satisfied with the measure as it has been presented.

**Mr. Roy (Laval):** We understand!

**Mr. La Salle:** Yes, we understand, since 1960!

[English]

**The Chairman:** Are you finished Mr. Roy?

[Interpretation]

**Mr. Roy (Laval):** Yes, Mr. Chairman.

[English]

**The Chairman:** Mr. Peters.

**Mr. Peters:** I noticed in the paper the other day—the Timmins' paper so worded it—that the area development program appears to have given a \$6.5 million grant to Texas Gulf Sulphur Company, Inc. Has there been any change in the area development incentives since the change in the Department?

• 1210

**Mr. Kent:** Other than the ones that I described a moment ago, no. The Texas Gulf Sulphur project involves two plants. In addition to the main plant, there is also the sulphuric acid plant. We have discussed the project with the company. At this stage, it is only a provisional estimate because the details of cost are not worked out to the stage where we can give a final figure.

However, we roughly estimated that the total contribution to the two plants would be \$5 million to the main one and \$1.5 million to the sulphuric acid plant. We told the company if they went ahead with the project in accordance with the terms of the program, those were the incentives they would qualify for. I think it was that which played the crucial part in making them decide that they would locate this in northern Ontario, rather than southern Ontario or outside the country.

**Mr. Peters:** Mr. Chairman, I am not in disagreement with this, although I am in disagreement with the announcement that was made which indicated that this was a grant. I am not really opposed to that, except I would like to know whether that is what happened. This is the kind of job that the

area development, in my opinion, and the regional incentive programs have to involve themselves in, and it was an indication that it was not under the same criteria as before.

**Mr. Kent:** No, sir, it is under the same criteria as before.

**Mr. Peters:** Well the indication by newspaper account was that this was a grant. Part of it involves putting off your income tax for a period of time, as well as a number of other factors.

**Mr. Kent:** The main part is a grant and that is exactly how the program has been since 1965.

**Mr. Peters:** So this is exactly the same?

**Mr. Kent:** The only oddity about the way the announcement came out was that it referred to a grant or grants—I think it was "grants", in which case it is not incorrect—of \$6.5 million. It did not make clear that the reason why it could be as high as \$6.5 million rather than \$5 million, which is the limit for any one grant under the program, is because there are two plants. The limit is \$5 million for any one plant.

**Mr. Peters:** Mr. Chairman, I would like to suggest that this is a real accomplishment, because it is going to have a larger effect on the employment factor than most of the area grants have had in the past. The amount involved per man will probably be much less than our employment factor has been able to accomplish under the same grant structure in other projects.

**Mr. Kent:** Mr. Chairman, we did our best to point out to the company that with grants of this size, we hoped they could operate in the north, rather than do as they would otherwise have done, put the plant elsewhere. It was important to employment in that region which is a slow growth region.

**Mr. Peters:** Could I ask what co-operation—not the details of how we negotiate in other areas—was provided by the province in this regard?

**Mr. Kent:** The province also had discussions with the company related to the freight rates on the railway which happens in that case to be a provincial matter.

**Mr. Peters:** Yes.

**Mr. Kent:** Related to one or two other aspects of the project as well, each government



knew that the other was doing what, within its sphere, it could to influence the project. I think ours was probably the major contribution and this is a project, as you well know, which has been under consideration for a very long time. Both governments have had a good many official discussions with the company.

**Mr. Peters:** I am interested in this project for the reasons behind the discussions which took place in establishing the new department with the idea of growth areas, rather than low employment areas. Is there other assistance being contemplated to establish the Timmins area as the growth centre? It was interesting to read an article which came out the other day in one of the papers indicating

• 1215

a number of growth centres across Canada, and Timmins was not mentioned. Rouyn-Noranda was the growth centre for north-eastern Ontario and northwestern Quebec. I just wonder if there are other plans envisioned under the new program that will tend to create a growth centre around this particular industry, which is of some magnitude.

**Mr. Kent:** The main thing that will influence growth centres is, if the designations for industrial incentives are in fairly broad regions, that industry inevitably will and should make its own decisions as to what point in those regions it will choose as the ones where the prospects are best. The role of the two levels of government is to see that there are, at those points, the infrastructures of all kinds, the water, the housing, the schools, the hospital and everything that is involved in promoting rapid growth of that community in response to new opportunities. These are the kind of things that we are, at the moment, discussing with the provinces in the consultations which I referred to in answer to earlier questions.

**Mr. Whiting:** Mr. Chairman, may I ask a supplementary? Mr. Kent, is your Department carrying on any negotiations with Falconbridge at the present time with regard to the possibility of their building a refinery in Canada?

**Mr. Kent:** Not as far as I am aware, but I must in honesty say that I would feel obliged to evade the question in any event, because we do have a basic rule, which I think you will understand. While we are happy to talk about what we have undertaken to do, once

the company has made its decision as to what it is going to do, we, in fairness to companies which are making competitive decisions with other companies, do all that we possibly can not to refer to discussions when they are in the negotiating stages. We are just conforming to business practice, and if we are going to help industry, we must do that.

**Mr. Whiting:** I understand Falconbridge have their refinery outside of Canada. I think it is in one of the Scandinavian countries. I believe that is correct, but I am not 100 per cent sure of that. Would not your Department make overtures to them as to why they might not build in Canada and what your Department could do for them?

**Mr. Kent:** Most certainly in principle, but I would not feel that I could answer a specific question about a particular company when, say, they were at the stage of seriously considering the possibility under our influence perhaps.

**Mr. Whiting:** Are they, to your knowledge?

**Mr. Kent:** I have already indicated that I was not aware of any negotiations at this moment.

**Mr. Peters:** A supplementary question. It follows the question that I asked. I am not interested in knowing the specifics about Falconbridge. However, is it not our intention now, with the development of growth areas, to seek out potentials, not necessarily waiting until the potential has been developed, and then assisting them as I understand you did the Gulf Sulphur, but to seek out a potential that may exist? Say that if we put "X" dollars into that area we would have an industry, or a totally new growth reason or concept, to seek them out, rather than to wait until they develop the old area development pro-

• 1220

gram which hinges on two things; first, that the area was designated, and second, that a company made a request for specific assistance under the ADA project and qualified for that. But are we not contemplating something more than that now in the development of growth areas by saying to a company: "You should have a smelter and if you have a smelter, you will have a fabricating industry and that in turn will have 17 service industries" or something of this nature? To accomplish that we will provide you with that kind of assistance. Are we not looking at a number

of areas across Canada and saying that this should be a go centre and this company might be interested in doing it? In other words is it not for us to take the initiative rather than the company take the initiative?

**Mr. Kent:** I should say that ADA's role in the past has not been completely passive in this. It has looked out for prospects, and made suggestions to companies as to things that might be done. Indeed, we were by no means altogether passive in the case of the Texas Gulf Sulphur Project. We actively set out to convince the company that this would be a good development.

Certainly under the new program of the new department, we will be playing a more active part in looking for prospects of all kinds. In exactly to what degree depends in part, of course, on the province too. Some provinces have very active industrial search programs and we are working very closely with them. This was part of the subject, again, of the discussions we have been having in the last few weeks.

**Mr. Peters:** Is it your intention to have the initiative come from the federal government? The question that was asked over here relating to Quebec is a good example of where the federal government appears always to be put into the position of playing a passive role in joint programs. Speaking from Ontario's point of view, this is true in Ontario as well as it is in Quebec although in a less volatile way.

I remember going to an opening of a technical school and listening to the provincial Cabinet Minister say how much money in dollars and cents the school had cost and how much their equipment was. It suddenly dawned on me that we paid 75 per cent of that. When I pointed this out, everybody was shocked and did not believe it. It was totally unbelievable.

We played a very passive role in joint programs and I hope that we do not intend to continue that. My grandmother used to say you should not hide your light under a bushel basket. Maybe the federal government should.

**Mr. Kent:** I think it is fair to say that it is the Minister's intention that we play as active a role as is required and is appropriate in order to get the job done with maximum effectiveness, recognizing, however, that in areas which are areas of provincial jurisdiction, we have to work in close co-operation with the provinces.

**The Chairman:** Do you have one short question, Mr. Émard?

**Mr. Émard:** Excepting the fact that your Department has amalgamated other departments, has your Department developed a new approach to regional development, or are you just continuing the policies of the other departments?

**Mr. Kent:** I believe, sir, that the very setting up of a department was the result of the government's decision that there should be a new approach. I think that the approach that the Minister has talked about in general terms—for example, in the statement he made at the end of the discussion on our organization bill—is the statement of an entirely new approach compared with the past. It is much more than just the putting together of earlier organizations, but is a whole new approach to policy.

The implementation of that new approach is what we are now trying to work out in detail with the provinces. I should not say try. We are doing it. We are engaged in working out in detail with the provinces.

• 1225

**Mr. Émard:** I will not ask any more questions. I have had a lot today.

**The Chairman:** If there are no further questions, then,...

**Mr. Whiting:** Just a short one?

**The Chairman:** Yes, just a very short one.

**Mr. Whiting:** Who knows about these designated areas other than the people that are living in them?

**Mr. Kent:** I think most of industry that might conceivably take advantage of them know pretty well. Certainly, quite a lot has been done to draw it to their attention. If need be, under the new program, we will do more.

**Mr. Whiting:** You are in liaison with the various groups that might be interested in locating in these designated areas?

**Mr. Kent:** We and the provinces between us. We do not try to do things which are just duplicating what the provinces are doing anyway. We and the provinces between us, yes.

**The Chairman:** Are you finished, Mr. Whiting?



**Mr. Whiting:** Yes.

**The Chairman:** May I say that...

**Mr. MacDonald (Egmont):** Mr. Chairman, I have...

**The Chairman:** Yes, Mr. MacDonald.

**Mr. MacDonald (Egmont):** I have a supplementary question on the Estimates. On page 6 of the new expanded estimates, there is a Vote there of \$7,623,000 concerning loans, in accordance with a development agreement, to be entered into with the Province of Prince Edward Island. I am just wondering whether or not, first of all, that is to be a lump sum of advancement at a certain point for distribution by loans? If not, how is it to be gradually distributed to the Province of Prince Edward Island? Also, what kind of security, if any, will the province have to put up against that? Are they going to have to float a bond for that amount of money?

**Mr. Kent:** The purposes for which the federal contribution to the P.E.I. plan takes the form of loans are those purposes whereby what the province does is acquire real assets itself. This is particularly in connection with the Land Consolidation Program whereby the province buys the land and either holds it as owner or rents it out for the time being. The intention eventually, as you know, is to dispose of it again, but there is a period for which the province is holding it.

Advances will be made to the province as it needs the money for that purpose, and the security will be the assets which the province acquires.

**Mr. MacDonald (Egmont):** There has been some suggestion, and there are other places in the plan, where the province will have to develop lending agencies to assist people in the farming, agricultural, fishing industries. It is not provided for that under this particular loan, is it? Is this exclusively for the establishment of the land bank as provided for in the plan?

**Mr. Kent:** It is mainly for the land bank, but in any case where the province is acquiring assets this might happen under some aspects of the commercial parts of the program. I think this way of acquiring assets and loan financing is appropriate. The advances will be made from this sum.

**Mr. MacDonald (Egmont):** In other words, to clarify, the only way in which this money

can be made available is if the province is in fact acquiring some form of assets which will be equal to the amount of money being borrowed. Is that correct?

**Mr. Kent:** Quite. The reason is that this is an appropriate form of assisting the province, but only where it does not involve a net increase in the province's debt position. Perhaps the province's debt position is a difficult one. We therefore took the approach that wherever what was done did not create assets for the province, the federal contribution should be in the form of grants. It should be in the form of loans only in those cases where there is an asset which is immediately on the other side of the books, so that there is no net deterioration in the provinces position.

#### • 1230

**Mr. MacDonald (Egmont):** Good. I have two other questions concerning page 12, the second section under Incentives for Industrial Development.

Payments to the provinces to assist in financing programs related to industrial research and development is \$22,069,000. This is a decrease of some \$10 million. I am not quite clear. Could you tell us in a general way what these moneys are going to be used for? That is a fairly substantial sum, even if it is only \$22,069,000, in this particular year.

**Mr. Kent:** Yes. That is part of the old ADB fund. That is, what used to be expenditures from the ADB fund. The other part is represented by the \$7 million in Vote L130:

Loans in accordance with agreements entered into or to be entered into with the Provinces for the development of infrastructures...

Under the ADB fund, although ADB money for certain purposes was in fact a loan, not a grant for water systems, and so on, it was all shown, because of the technicalities of its being a fund, as a grant.

Those two expenditures together, the \$22,069,000 and the \$7,884,000, making a total of \$29,953,000, are the continuation in this year of the expenditures that were committed by the ADB and with an allowance for those additional projects on which expenditures would be made this year. This is a fairly small allowance because, of course, usually the expenditures follow in the fiscal year after the year in which the commitment is made.



**Mr. MacDonald (Egmont):** Finally, following that, there is the provision of money for highway construction in the Atlantic region. Can you indicate the exact figures for each province in this case? It has been reduced, I see, from \$16,735,460 to \$7,884,000. Do you have the division by provinces of that sum of money?

**Mr. Kent:** No, sir. This is the payments due under the commitments made under Highway Program No. 3 and the reason why it is smaller is that that program is by its nature running down. I am sorry I do not have with me the distribution among provinces.

**Mr. MacDonald (Egmont):** But it could be made available?

**Mr. Kent:** Yes, it could be made available.

**Mr. MacDonald (Egmont):** Very good.

**The Chairman:** If there are no other questions, shall Vote 35 relating to Devco carry?

Vote 35 agreed to.

**The Chairman:** Shall Vote 1 carry?

**Mr. MacDonald (Egmont):** Before we carry it, Mr. Chairman, does that not put the Committee out of existence in terms of its functioning unless it receives a further order from the House?

**The Chairman:** No, I do not think so. It means that we will report the Estimates to the House and then we will have a period of time in which I hope we will investigate on site the west and the east, as we have discussed, and then the new legislation.

**Mr. MacDonald (Egmont):** The point I am raising is a procedural one. Can the Committee recommend that such an investigation be made unless it is making it in the context of a report which will obviously have something to do with reporting back the Estimates? What I am saying is that in order to do that we must have the approval of this Committee. In other words, it would have to meet at least once more to make that approval and thus make it part of our report back to the House.

**The Chairman:** No, I do not think that you are right on that point. I think we can pass the Estimates and, in the report that we make back to the House, include the request that we be given permission.

**Mr. MacDonald (Egmont):** Well, if that is put in, I think we are procedurally correct. But we would have to have something like

that; otherwise we would be going beyond our responsibilities as a steering committee.

**Mr. Honey:** But that would be part of the report to the House, as I understand it. If that were granted, then we would presumably report back again, after travelling, in a report on the Order of Reference which we received from the House. That would be my understanding, Mr. Chairman.

**Mr. MacDonald (Egmont):** If we received that as an authorization, then I think we are procedurally correct.

**The Chairman:** Would you put a motion?

**Mr. MacDonald (Egmont):** Well, I do not know whether I can do it because I am on the committee. I think it had better be somebody else. It would look like it is a closed circuit.

**Mr. Whiting:** Mr. Chairman, maybe I could make the recommendation or, if you prefer it in the form of a motion, that when the Esti-

• 1235

mates are returned to the House this Committee include in the report a request for a direction or authorization from the House with reference to on the spot inspection, and a further report as may be recommended to the Committee by the steering committee when it meets very shortly.

**The Chairman:** Is it agreed?

**Some hon. Members:** Agreed.

Vote 1 agreed to.

**The Chairman:** Shall I report to the House?

**Some hon. Members:** Agreed.

**The Chairman:** Before we go, Mr. MacInnis brought up the rather interesting point that we were sitting without a quorum last time we were here. I wonder if I might have a motion from someone that the Proceedings of the last meeting be incorporated as part of the official report.

**Mr. Comtois:** I move that the Proceedings of April 22 be printed and included in the official records of the Committee.

Motion agreed to.

**The Chairman:** Also, I wonder if I could have a further motion authorizing the Chairman to hear and print evidence when a quorum is not present?

**An hon. Member:** I think, under the rules, you have that now.

**The Chairman:** No; the Committee has to approve it or authorize it. As I think every one here knows, we have been sitting, at times without a quorum. Now, what you are giving the Committee the authority to do is to print the evidence only that is given.

**Mr. MacDonald (Egmont):** I think we could get ourselves in a bit of an embarrassing position. This should be done only when there are representatives here from all parties.

**The Chairman:** I think this is generally to be expected, Mr. MacDonald, but I feel that if the other parties, no matter which ones they be...

**An hon. Member:** A quorum is a quorum, no matter where they come from.

**The Chairman:** That is what I was going to say. It is up to the other parties to have at least one representative there.

[Interpretation]

**Mr. La Salle:** Mr. Chairman, I perfectly agree with the fact that we are entitled to hear the witnesses because we have been told of the time they will be there. If the members do not come, it is not the witnesses' fault. If there is a vote then we need a quorum and the representation of the parties. But when the witnesses are here, I think it is elementary courtesy to be there if we wish to discuss. If we do not wish to discuss, we shall follow what some usually do, i.e. we shall not come.

[English]

**The Chairman:** Thank you, Mr. La Salle. This is exactly the feeling of the Committee and I think it is your responsibility, Mr. MacDonald.

**Mr. MacDonald (Egmont):** I just mean to protect everybody. I am not thinking of our people any more than anyone else. I do not think that hurts the basic motion at all, but I think it does provide for fairness to everyone, really.

**The Chairman:** I do not agree with you. I feel it is a responsibility that we as members of Parliament must accept. If we are going to be on committees, at least we should show at them.

**Mr. MacDonald (Egmont):** I do not disagree with that.

**The Chairman:** Let us not take away the responsibility of the members, Mr. MacDonald. We are losing more and more of it every day.

**Mr. Sulatycky:** I move that the Chairman be authorized to hold meetings to receive and authorize the printing of evidence when a quorum is not present.

**Mr. MacDonald:** I am opposed.

Motion agreed to on division.

**The Chairman:** Thank you very much, Gentlemen. I am glad that all parties are represented here today.

OFFICIAL BILINGUAL ISSUE

FASCICULE BILINGUE OFFICIEL

HOUSE OF COMMONS

CHAMBRE DES COMMUNES

First Session

Première session de la

Twenty-eighth Parliament, 1968-69

vingt-huitième législature, 1968-1969

STANDING COMMITTEE  
ON

COMITÉ PERMANENT  
DE L'

REGIONAL DEVELOPMENT

EXPANSION ÉCONOMIQUE RÉGIONALE

*Chairman*

Mr. John Morison

*Président*

MINUTES OF PROCEEDINGS  
AND EVIDENCE

PROCÈS-VERBAUX ET  
TÉMOIGNAGES

No. 14

LIBRARY

JUL 16 1969

UNIVERSITY OF TORONTO

TUESDAY, JUNE 10, 1969

LE MARDI 10 JUIN 1969

*Respecting*

*Concernant le*

BILL C-202,

BILL C-202,

An Act to provide Regional Development  
Incentives, etc.

Loi prévoyant des subventions au  
développement régional, etc.

*Appearing:*

*A comparu:*

Minister of Regional Economic  
Expansion.

L'hon. Jean Marchand

Ministre de l'Expansion  
économique régionale.

WITNESSES—TÉMOINS

(See Minutes of Proceedings)

(Voir Procès-verbaux)



STANDING COMMITTEE ON  
REGIONAL DEVELOPMENT

COMITÉ PERMANENT  
DE L'EXPANSION ÉCONOMIQUE  
RÉGIONALE

*Chairman*  
*Vice-Chairman*

Mr. John B. Morison  
M. Alexandre Cyr

*Président*  
*Vice-président*

and Messrs.

et Messieurs

Blouin,  
Broadbent,  
Carter,  
Comtois,  
Deakon,  
Foster,

Honey,  
Laprise,  
Leblanc (*Laurier*),  
Lundrigan,  
MacDonald (*Egmont*),  
Marshall,

Mazankowski,  
McGrath,  
Robinson,  
Saltsman,  
Serré,  
Sullivan—20

(Quorum 11)

*Le secrétaire du Comité,*  
Robert V. Virr  
*Clerk of the Committee.*

Pursuant to S.O. 65(4) (b)

Conformément à l'article 65(4)b) du  
Règlement

Mr./M. replaced  
remplace

Mr./M.

Korchinski

Muir (*Cape Breton-  
The Sydneys*)

on May 6,  
le 6 mai

Ritchie

MacInnis (*Cape Breton-  
East Richmond*)

"

Deakon

Émard

on May 15,  
le 15 mai

Smerchanski

Sulatycky

"

Leblanc (*Laurier*)

Blouin

"

Yewchuk

Ritchie

on May 16,  
le 16 mai

Blouin

Smerchanski

on June 10,  
le 10 juin

Sullivan

Whiting

"

Laprise

Gauthier

"

Foster

Lefebvre

"

Robinson

Roy (*Laval*)

"

Marshall

Korchinski

"

Carter

LaSalle

"

Saltsman

Nystrom

"

Mazankowski

Yewchuk

"

ORDER OF REFERENCE

FRIDAY, June 6, 1969.

*Ordered*,—That Bill C-202, An Act to provide incentives for the development of productive employment opportunities in regions of Canada determined to require special measures to facilitate economic expansion and social adjustment, be referred to the Standing Committee on Regional Development.

ATTEST:

*Le Greffier de la Chambre des communes*

ALISTAIR FRASER

*The Clerk of the House of Commons*

ORDRE DE RENVOI

Le VENDREDI 6 juin 1969.

*Il est ordonné*.—Que le Bill C-202, Loi prévoyant des subventions au développement pour favoriser les possibilités d'emploi productif dans les régions du Canada où des mesures spéciales sont nécessaires pour promouvoir l'expansion économique et le relèvement social, soit déferé au Comité permanent de l'expansion économique régionale.

ATTESTÉ:

[Text]

## REPORT TO THE HOUSE

FRIDAY, May 9, 1969.

The Standing Committee on Regional Development has the honour to present its

### THIRD REPORT

In accordance with its Order of Reference of February 20, 1969, your Committee has considered Votes 1, 5, 10, L125 and L130 relating to the Department of Regional Economic Expansion and Vote 35 relating to the Cape Breton Development Corporation.

Your Committee commends them to the House.

In addition, your Committee recommends that it be authorized to visit locations in Western and Eastern Canada to inspect and discuss regional development programmes to which the Federal Government contributes.

A copy of the relevant Minutes of Proceedings and Evidence (*Issues Nos. 8 to 13 inclusive*) is tabled.

Respectfully submitted,

*Le président,*  
JOHN B. MORISON,  
*Chairman.*

[Traduction]

## RAPPORT À LA CHAMBRE

Le VENDREDI 9 mai 1969

Le Comité permanent de l'expansion économique régionale a l'honneur de présenter son

### TROISIÈME RAPPORT

Conformément à l'ordre de renvoi du 20 février 1969, le Comité a examiné les crédits n<sup>os</sup> 1, 5, 10, L120, L125 et L130 relatifs au ministère de l'Expansion économique régionale et le crédit n<sup>o</sup> 35 ayant trait à la Société de développement du Cap-Breton.

Le Comité les recommande à l'approbation de la Chambre.

En outre, le Comité recommande qu'il lui soit permis de visiter des endroits de l'Ouest et de l'Est du Canada afin de se rendre compte et de discuter des programmes d'expansion régionale qui font l'objet d'un apport du gouvernement fédéral.

Un exemplaire des procès-verbaux et témoignages s'y rapportant (*fascicules n<sup>os</sup> 8 à 13 inclusivement*) est déposé.

Respectueusement soumis,



[Text]

## MINUTES OF PROCEEDINGS

TUESDAY, June 10, 1969.  
(14)

The Standing Committee on Regional Development met this day at 8.10 p.m., the Chairman, Mr. Morison, presiding.

*Members present:* Messrs. Blouin, Carter, Comtois, Cyr, Deakon, Foster, Honey, Laprise, Leblanc (Laurier), Lundrigan, MacDonald (Egmont), Marshall, Mazankowski, McGrath, Morison, Robinson, Saltsman, Serré, Sullivan—(19).

*Also present:* Messrs. Sulatycky and St. Pierre, Members of Parliament.

*Appearing:* The Honourable Jean Marchand, Minister of Regional Economic Expansion.

*Witness:* Mr. Tom Kent, Deputy Minister of Regional Economic Expansion.

The Chairman opened the meeting by stating that the Committee had for consideration Bill C-202, An Act to provide incentives for the development of productive employment opportunities in regions of Canada determined to require special measures to facilitate economic expansion and social adjustment. He stated that there appeared to be general agreement on the urgency of the Bill and he hoped the Committee would deal with it in an expeditious manner.

The Chairman called Clause 1 and invited the Minister to make an opening statement. After brief remarks the Minister responded to questions of the Members.

The division bells having rung, Clause 1 was permitted to stand and the Committee adjourned at 9.50 p.m. until Wednesday, June 11, at 3.30 p.m.

[Traduction]

## PROCÈS-VERBAL

Le MARDI 10 juin 1969.  
(14)

Le Comité permanent de l'expansion économique régionale se réunit ce soir à 8 h. 10, sous la présidence de M. Morison, président.

*Présents:* MM. Blouin, Carter, Comtois, Cyr, Deakon, Foster, Honey, Laprise, Leblanc (Laurier), Lundrigan, MacDonald (Egmont), Marshall, Mazankowski, McGrath, Morison, Robinson, Saltsman, Serré, Sullivan—(19).

*De même que:* MM. Sulatycky et St. Pierre, députés.

*A comparu:* L'honorable Jean Marchand, ministre de l'Expansion économique régionale.

*Témoin:* M. Tom Kent, sous-ministre de l'Expansion économique régionale.

Le président ouvre la séance en déclarant que le Comité est saisi du Bill C-202, Loi prévoyant des subventions au développement pour favoriser les possibilités d'emploi productif dans les régions du Canada où des mesures spéciales sont nécessaires pour promouvoir l'expansion économique et le relèvement social. Il dit qu'apparemment tous s'accordent sur l'urgence du Bill, et qu'il espère que le Comité l'étudiera de manière expéditive.

Le président met l'article 1 en délibération, et invite le Ministre à faire une déclaration préliminaire.

Après avoir fait quelques brèves observations le Ministre répond aux questions des membres du Comité.

Au son de la sonnerie d'appel, l'article 1 est réservé, et à 9 h. 50 du soir, le Comité s'ajourne jusqu'au mercredi 11 juin, à 3 h. 30 de l'après-midi.

*Le secrétaire du Comité,*  
R. V. Virr,  
*Clerk of the Committee.*



[Texte]

[Interprétation]

## EVIDENCE

(Recorded by Electronic Apparatus)

Tuesday, June 10, 1969.

• 2008

**The Chairman:** Gentlemen, we have a quorum. As you know, this evening we start to study Bill C-202 which will give the government and the Department of Regional Development the authority to minimize regional disparity throughout Canada. This particular Bill will give the Minister the power that I think he will need to eliminate the Bell Islands, the Kent Counties and the Kikinoes from our society.

As you all probably well know, we must get going. Both Mr. Stanfield and Mr. Saltzman, who I am glad to see is a member of this Committee, emphasized in the House on Friday that time is of the essence and unless we are prepared to get this Bill back into the House within a reasonable time, June 17 to 19, the Department will not be able to act on this legislation until some time towards the end of the year.

I think it behooves us all to study this Bill, and study it with the idea in mind that we are here to ask questions and to seek defini-

• 2010

tions of the points and the declarations that are made in the proposed Act and carry this study through as quickly as we can, so that we can report the Bill back to the House within a matter of a week or two.

As you know, the Minister spoke at some length on Friday, and therefore I hope you will not expect him to speak at length again today. I would much prefer that you say a few words, Mr. Minister, and then we will go on to Clause 1, and start examining the Minister, the Deputy Minister and the other witnesses. Again it will always go back to you as members of the Committee, and it is expected that the questions you have in your minds will be answered by our witnesses. So, Mr. Minister, I thank you for being here and if you would like to say a few words, please do.

**Mr. Jean Marchand (Minister of Regional Economic Expansion):** Yes, I have just a few words to say, Mr. Chairman. I think the most

## TÉMOIGNAGES

(Enregistrement électronique)

Le mardi 10 juin 1969

**Le président:** Messieurs, nous avons quorum. Comme vous le savez, ce soir, nous commençons l'étude du Bill C-202 qui donnera au gouvernement et au ministère de l'Expansion économique régionale l'autorisation de diminuer les inégalités régionales à travers le Canada. Ce bill donnera en outre au ministre, je pense, le pouvoir dont il aura besoin afin d'éliminer les îles Bell, les comtés de Kent et les Kikinoes de notre société. Comme vous le savez probablement tous, nous devons procéder. Monsieur Stanfield et Monsieur Saltzman dont je suis heureux de voir qu'il est député de ce comité, ont souligné vendredi à la Chambre que le temps est extrêmement important et à moins que nous ne soyons prêts à renvoyer le projet de loi à la Chambre dans une période de temps raisonnable, disons du 17 au 19 juin, le ministère ne sera pas en mesure d'adopter la mesure législative avant la fin de l'année. Par conséquent, il nous incombe l'étude du projet de loi, je crois, en ayant à l'esprit que nous sommes ici

pour poser des questions et obtenir des définitions sur les différents arguments et témoignages qui figurent dans ce projet de loi et faire une étude aussi rapide que possible pour nous permettre de renvoyer le projet de loi à la Chambre en l'espace d'une semaine ou deux.

Comme vous le savez, le ministre, en a parlé longuement vendredi, et par conséquent, j'espère que vous ne souhaitez pas qu'il parle autant aujourd'hui. Je préférerais que vous disiez quelques mots, et ensuite, nous passerons à l'article 1, et à interviewer le ministre, le sous-ministre et les autres témoins. La question vous reviendra toujours à titre de membre du comité, et il est possible que les questions que vous avez à l'esprit feront l'objet d'une réponse de nos témoins. Monsieur le ministre, je vous remercie donc d'être parmi nous. Si vous voulez dire quelques mots, vous avez la parole.

**M. Jean Marchand (ministre de l'Expansion économique régionale):** Oui, monsieur le président. Je crois que dans l'étude du bill C-202,



[Text]

important thing in studying Bill C-202 is to try to remember what already exists in the bill establishing the Department, because if you have only Bill C-202 in mind many shortcomings will become obvious. You have read, I am sure, that it is limited to industrial incentives, mostly to secondary industries and to designated areas, so it seems very restrictive. But if you remember the bill establishing the Department, you will see that we can enter into agreements with the provinces in order to build infrastructures where there is need.

You will also see in the bill establishing the Department that we can designate special areas where we can make expenditures of a certain nature. There, we are not bound to limited designated areas. I want to remind you that we must read both at the same time, in order to have a complete picture of what we intend to do in the field of regional development.

Now, I do not want to exercise any undue pressure on the Committee. I think the Committee is entitled to look at the bill very seriously, and it is not my intention to try to deprive the Committee of the time to do its job. However, I think we should avoid any unnecessary delay because, as you know, the present ADI Act, under which we give industrial incentives, expires on March 31, 1971. That means that the plants, companies, or firms which receive grants under this law must be in operation before March 31, 1971, so it is not very far away. This means that in a few months it will be almost impossible to approve any grants for any important undertaking, so if we do not have this part of the statute, there will be a gap. There will be a period of many months when it will be impossible to give any grants to industries.

I want you to keep that in mind and I do not want to exercise any pressure, but I hope we do not lose any time if it is not necessary for the study of the Bill. I do not want to repeat what I said in the House as I think you are already aware of it. Mr. Chairman, I am ready to answer questions.

**The Chairman:** Thank you, sir. Mr. Saltzman, I think you indicated you have the first question.

**Mr. MacDonald (Egmont):** Mr. Chairman, just on a point of order, both you and the Minister referred to the matter of time and I realize that it is very important, not only because of the expiry of the present ADI legislation, but also because of the imminent expiration of this session. I think it is a bit unfortunate to have an important piece of

[Interpretation]

il faut tenir compte du bill créant le Ministère, parce que si seulement le Bill C-202 retient votre attention, vous remarquerez plusieurs défauts. Je suis sûr que vous avez lu qu'il est limité aux subventions à l'industrie, la plupart aux industries du secteur secondaire et aux régions désignées, c'est donc assez limité. Si vous tenez compte par contre du fait qu'il y a eu le bill créant le Ministère, vous verrez que nous pouvons conclure des ententes avec les provinces, en vue de construire des infrastructures où on en a besoin.

Vous verrez aussi dans le projet de loi créant le Ministère, que nous pouvons désigner des régions, où l'on peut faire des dépenses d'un certain ordre. Cela n'est pas restreint aux régions désignées limitées. J'aimerais vous rappeler que nous devons lire les deux à la fois de façon à savoir vraiment ce que nous espérons faire dans le domaine de l'expansion régionale. Je n'ai pas l'intention d'exercer des pressions injustes sur le Comité. Je pense que le Comité a le droit d'examiner le projet de loi avec sérieux et je ne veux pas essayer de priver le Comité du temps nécessaire à son travail. Je pense toutefois que nous devrions éviter les retards inutiles, parce que, comme vous le savez, la loi stimulant le développement de certaines régions en vertu de laquelle nous accordons des subventions à l'industrie, expire le 31 mars 1971. Par conséquent, les sociétés, usines ou firmes qui reçoivent des subventions en vertu de cette loi doivent entrer en exploitation avant cette date, ce qui n'est pas très éloigné. Donc, dans quelques mois, il sera presque impossible d'approuver des subventions pour une entreprise importante. Si cette partie manque, il y aura un fossé. Pendant plusieurs mois, on ne pourra accorder de subventions aux industries.

J'aimerais que vous vous rappeliez et je ne veux pas exercer de pression, mais j'espère que nous ne perdons pas de temps, si cela n'est pas nécessaire à l'étude du projet de loi. Je ne veux pas répéter ce que j'ai dit à la Chambre. Comme je pense que vous en êtes déjà conscient. Monsieur le président, je suis prêt à répondre aux questions.

**Le président:** Je vous remercie. Monsieur Saltzman, je crois que vous avez exprimé le désir de poser la première question.

**M. MacDonald (Egmont):** Monsieur le président, j'invoque le Règlement. Le ministre et vous-même avez parlé du facteur temps, et je me rends compte qu'il est très important, non pas à cause du fait que la Loi stimulant le développement de certaines régions va expirer, mais aussi à cause de l'expiration imminente de la session. Je regrette qu'une loi

[Texte]

legislation such as this come before us at such a late date—not just late for the legislative

• 2015

process, which is one thing, but late in terms of the useful reaction and comments which we might have been able to obtain from those that will be directly affected by the legislation, in respect of industries wherever these designated regions are to be introduced.

I hope that we do not find ourselves in this position on future legislation, because when we are trying to make a major attempt to rewrite present legislation which this Bill is attempting to do, besides adding new aspects, I think there is good reason to suggest that we must hear from those who will be directly affected. Now, purely because of the time factor, we must move very rapidly in order to have this legislation expedited by the end of this month. I am not expressing any opposition to it but am just filing this comment for the future. I hope that we do not get ourselves into this position on future occasions.

**Mr. Marchand (Langelier):** I agree with you.

**The Chairman:** I hope that the Minister understands we are co-operating with him in his need for haste and understanding of his legislation and that when we, as a Committee, go out next fall, he in his turn, will be as understanding and as co-operative with any suggestions which we might present. Mr. Saltzman.

**Mr. Saltzman:** Mr. Chairman, my question is really a brief one. I would like to get some idea of the type of criteria which you will use when you make a decision on giving or determining the size of the grant. As you indicated in the House—if I understood you correctly—the Minister has very considerable power to make these grants. You indicated there would be a number of Boards or Committees which they would go through to screen them out but ultimately, on certain kinds of grants, the decision would be the Minister's. Is this the correct interpretation?

**Mr. Marchand (Langelier):** Yes; the Minister has the power to decide within the law. Even if there is much discretion, I do not think it will be entirely his.

**Mr. Saltzman:** I am not questioning that part of it. I am quite sure that it will be exercised within the framework of what you think is best. The question is really this; how are you going to know what is best for an

[Interprétation]

aussi importante nous soit présentée aussi tard non seulement pour le processus législa-

tif, d'une part, mais sur le plan des réactions et commentaires utiles que l'on aurait pu obtenir de ceux qui seront directement touchés par cette mesure législative, particulièrement pour les industries, dans les régions désignées où qu'elles soient.

J'espère que nous ne nous trouvions pas nous-mêmes dans cette situation à l'avenir parce que lorsqu'on essaie de rédiger une nouvelle mesure législative, comme ce ou d'autres, projet de loi, en plus d'ajouter d'autres aspects, je crois qu'il y a de bonnes raisons de dire que nous devons entendre le témoignage des gens qui en seront directement touchés. En raison du facteur temps, nous devons nous presser pour que l'étude de cette mesure législative soit terminée avant la fin du mois. Je ne m'y oppose pas, mais ce commentaire vaudra pour l'avenir, je souhaite que nous n'ayons plus à faire face à telle situation, à l'avenir.

**M. Marchand (Langelier):** Je partage votre opinion.

**Le président:** J'espère que le ministre comprendra que nous coopérons avec lui pour accélérer l'étude de cette mesure et en améliorer la compréhension et lorsque les membres du Comité partiront en voyage, l'automne prochain, il sera aussi compréhensif et coopératif vis-à-vis des propositions que nous formulerons. Monsieur Saltzman.

**M. Saltzman:** Une question brève, j'aimerais avoir une idée des critères que vous utiliserez lorsque vous prenez la décision d'accorder une subvention ou d'en déterminer l'importance. Si j'ai bien compris ce que vous avez dit à la Chambre, le ministre jouit de pouvoirs très considérables pour accorder ces subventions. Vous avez dit qu'il y aura un certain nombre de conseils ou de Comités qui étudieraient ces demandes, mais, en fin de compte, la décision reviendra au ministre. Est-ce exact?

**M. Marchand (Langelier):** Oui, dans le cadre de la loi, le ministre a le droit de décider. Même s'il y a pas mal de discrétion, je ne pense pas que ce sera laissé exclusivement à la discrétion du ministre.

**M. Saltzman:** Je n'en doute pas. Je suis sûr que cela sera fait dans le cadre de ce que vous estimez le meilleur. La question est la suivante: «Comment allez-vous savoir ce qui est préférable pour une région? Par exemple,



[Text]

area? For instance, have you drawn up some kind of plan in your Department which would indicate the regional needs, the kinds of industries that would be viable in a certain area, the kind of infrastructure that would be needed, and these various things? In other words, will you have something against which you can evaluate the requests which are put before you, since you do have this rather large area of discretion at your command? How will you make a decision on which industries to support and to assist?

**Mr. Marchand (Langelier):** I think you mentioned two different things. The plan of which you spoke is covered by the law establishing the Department, and in that law it is provided that it will be done in co-operation with the provinces. I cannot tell how we are going to determine the needs or fix the plan at this moment, because it is supposed to be done in co-operation with the provinces. If I were in a position to answer that now it would mean that the discussion with the provinces would be meaningless, because that would indicate the decision already has been taken. This is not so.

However, it is clear in the law establishing the Department that we will not impose any plan on the provinces. We intend to co-operate and work out plans with them. Now, this is the first part concerning the application of the law establishing the Department. So far as the grants are concerned, this is more related to Bill C-202. First, we are limited under this law to the designated regions, and they will be designated after discussions with

• 2020

the provinces. This is the first limitation. I think we must take into account the need of the region and the industry. This is the only criterion which exists.

In other words, if a region is really in need of help, and needs new sources of employment, and if many people are involved, it will be placed on the top of our priority list. After that, if we give a grant to a company, we must assess exactly how much this company needs within the limits authorized by the law, in order to come into operation. These are the two general criteria. We will have regulations which will stipulate how a grant can be obtained, and there will be some kind of limitation, but as far as the law is concerned I think it is restricted to the needs of the region and the needs of the company.

[Interpretation]

avez-vous conçu un plan à l'usage de votre ministère qui indiquerait les besoins régionaux, le genre d'industries viables dans la région, le type d'infrastructure nécessaire et ces différentes choses? Autrement dit, quelle chose vous permettrait-il d'évaluer les demandes qui vous sont formulées, étant donné que vous avez ce pouvoir de discrétion assez important? Comment déciderez-vous quelle industrie a besoin d'aide et d'appui.

**M. Marchand (Langelier):** Je crois que vous avez parlé de deux choses différentes. Le projet dont vous avez parlé tombe sous le coup de la Loi, créant le Ministère et cela sera fait en coopération avec les provinces, tel que prévu dans cette loi.

Donc, je ne peux pas vous dire comment nous allons déterminer les besoins ou régler le projet à ce stade, parce que cela est sensé se faire en collaboration avec les provinces. Si j'étais en mesure de vous répondre maintenant, cela voudrait dire que les entretiens avec les provinces n'auraient aucun sens, parce que cela indiquerait que la décision aurait déjà été prise. Tel n'est pas le cas.

Toutefois, il est clair dans la Loi créant le Ministère que nous n'allons pas imposer de plans aux provinces. Nous avons l'intention de collaborer avec elles et de mettre nos plans au point de manière conjointe.

Cela se rapporte à la première partie concernant l'application de la Loi créant le ministère. En ce qui concerne les subventions, c'est plus relié au Bill C-202. Nous sommes tout d'abord limités par la loi aux régions

désignées qui seront désignées après des entretiens avec les provinces. Voilà donc la première limite. Il faudrait je crois, tenir compte des besoins de la région de l'industrie. C'est là le seul critère qui prévaut.

En d'autres mots, si une région a vraiment besoin d'aide et nécessite de nouvelles sources d'emploi et si beaucoup de gens y sont impliqués, cela apparaîtra en haut de la liste des priorités. Ensuite, si nous accordons une subvention à une société, il faudra évaluer le montant exact dont la société a besoin dans les limites permises par la loi, dans le but d'en arriver à une collaboration. Voilà donc les deux critères généraux. Nous aurons naturellement des règlements qui vont stipuler comment on peut obtenir une subvention et il y aura des limites imposées mais la loi se limite surtout aux besoins de la région et aux besoins de la compagnie.



[Texte]

**Mr. Saltzman:** I recognize that at this moment, because you have to consult with the provinces, you may not be able to provide as firm an answer as perhaps I would like, but are we not heading into the same kind of problems, for instance, as we had with ARDA where the federal attitudes and the provincial attitudes were somewhat at variance? Since your interest of necessity is a federal one in other words the overview of the whole of Canada, what happens when your point of view or your judgment collides with that of the provincial governments? How is the decision then taken? Whose decision, for instance, will prevail? We had an instance of this kind, for instance, with the location of the airport in Quebec where—

**Mr. Marchand (Langelier):** This is a good case.

**Mr. Saltzman:** ...their priorities and attitudes suggested one location and the federal attitude suggested another. How are you going to resolve these difficulties?

**Mr. Marchand (Langelier):** You know, there is a big difference between the ARDA program and the program provided for under the law establishing the Department. Under ARDA the provinces take the initiative. The provinces have to present a plan to the federal which then agrees or disagrees. But the provinces have the initiative. I do not think that under this law that the provinces have the initiative. We have the initiative but we are bound to consult with the provinces, and that is all. Now if there is a disagreement it will become of course a problem of judgment. We may decide, as it may very well happen in the case of the airport at St. Scholastique, that the decision is ours and we are going to make it—that is all.

If it is not an important problem perhaps in the odd case we will say, "Well, in those circumstances let us wait and see." But I think that there is a difference because we have the authority. When we say that we consult with the provinces that does not mean that we have to agree with what the provinces request.

It is a matter of implementation and of attitude. I hope we are going to have the right attitude. I cannot make any promise but...

**Mr. Saltzman:** Can I take it then that it is very clear at this time that the federal government will have the final say, in any disagreements between the provinces and the government?

**Mr. Marchand (Langelier):** Yes.

[Interprétation]

**M. Saltzman:** Je me rends compte qu'à ce stade étant donné que vous devrez consulter les provinces, vous ne serez pas en mesure de donner une réponse aussi ferme que j'aimerais, mais est-ce que nous n'allons pas nous buter aux mêmes problèmes que nous avons eu avec l'ARDA, où les politiques fédérale et provinciale diffèrent parfois? Alors que l'objectif du gouvernement fédéral semble être l'intérêt général? Qu'est-ce qui va se passer lorsque cela ne coïncide pas avec l'opinion du gouvernement provincial? Comment la décision sera-t-elle prise? Quelle décision prévaudra? Nous avons déjà eu un cas de ce genre avec l'emplacement de l'aéroport dans le Québec?

**M. Marchand (Langelier):** C'est un excellent exemple.

**M. Saltzman:** Leurs priorités et leurs politiques favoriseraient un endroit et le gouvernement fédéral en a choisi un autre. Comment allez-vous régler ces difficultés?

**M. Marchand (Langelier):** Vous savez qu'il y a une grande différence entre le programme de l'ARDA et celui prévu dans le cadre de la Loi établissant le ministère. Dans le cadre de l'ARDA, les provinces prennent l'initiative. Elles doivent proposer un plan au gouvernement fédéral, qui peut l'accepter ou le refuser, mais ce sont les provinces qui prennent l'initiative. Je crois que dans cette loi, c'est nous qui avons l'initiative, mais nous sommes obligés de consulter les provinces. Maintenant, s'il y a un désaccord, c'est une question de jugement. Nous pouvons peut-être prendre la décision et, comme dans le cas de l'aéroport de Ste-Scholastique, c'est à nous de prendre la décision et nous allons la prendre.

Un point c'est tout.

Si ce n'est pas un problème important dans certains cas, nous pourrions patienter. Mais, il y a une différence ici parce que c'est nous qui avons l'autorité, lorsque nous consultons les provinces, cela ne veut pas dire que nous devons être d'accord avec ce que les provinces demandent. C'est une question de mise en œuvre, d'attitude, et j'espère que nous aurons la bonne attitude. Je ne peux pas vous faire de promesses, mais...

**M. Saltzman:** Dois-je donc en déduire qu'il est très clair à ce stade que le gouvernement fédéral aura le dernier mot?

**M. Marchand (Langelier):** Oui.

## [Text]

**Mr. Saltzman:** In the course of my remarks the other day in the House I pointed out some of the questions this raises about our constitution. Do you anticipate that there is going to be any difficulty with the federal government taking this initiative which some might argue is within provincial jurisdiction or provincial responsibility?

**Mr. Marchand (Langelier):** In respect of the agreements that we intend to sign under the law establishing the department for the infrastructures in certain communities, there

• 2025

is no doubt in my mind that most of the time we will be in the provincial field of jurisdiction. Do you anticipate that there is going to anything. We cannot build roads or highways if the provinces refuse, we cannot build sewerage systems if they refuse. So that means that under this part of the law establishing the Department, which aims at signing agreements concerning the infrastructure of certain communities, we are bound to respect provincial jurisdiction. This is their jurisdiction. As far as the incentives are concerned—this is the bill before us today, Bill C-202—I think that in that connection we are within our own jurisdiction and we can decide. But if we have to build a school or hospital in order to have an industry somewhere, of course we cannot take it on ourselves to build that school because this is a problem of jurisdiction.

**Mr. Saltzman:** What strikes me as rather significant and important in the program you are bringing forth is that it clearly indicates that the federal government can take the initiative in co-operation with the provinces in any area at all virtually, provided the provinces are willing to have them go along and that the excuse for non-federal intervention or the federal government not seeking the role in some areas is no longer as valid as it might have been before.

**Mr. Marchand (Langelier):** Yes.

**Mr. Saltzman:** May I just close on a final question. I know other members are very anxious to ask questions.

In the event that one of the things that is necessary—this is part of the infrastructure we are talking about—to encourage industry to locate in an area is housing, are you prepared to consider a request from a provincial government for assistance in the construction of certain kinds of housing to assist industry in locating?

## [Interpretation]

**M. Saltzman:** Dans mes remarques l'autre jour, à la Chambre j'ai fait remarquer certaines des questions posées par notre Constitution; est-ce que vous prévoyez qu'il y aura des difficultés du fait que le gouvernement fédéral prendra l'initiative pour des questions qui relèvent en principe de la juridiction des provinces ou de leur compétence?

**M. Marchand (Langelier):** Les accords que nous avons l'intention de signer dans le cadre de la Loi établissant les ministères ou l'infrastructure dans les communautés, je n'ai aucun

doute que la plupart du temps nous nous trouverons dans le cadre d'une compétence provinciale. Donc, si elle refuse, nous ne pourrions rien faire. Nous ne pouvons pas construire des routes, si les provinces refusent; nous ne pouvons pas construire des égouts, si elles les refusent. Cela veut donc dire que dans cette partie de la Loi établissant le ministère, dont le but est de signer des accords pour l'infrastructure de certains services, dans ce domaine, nous sommes obligés de respecter la juridiction provinciale, puisqu'elle est la leur. Maintenant, en ce qui se rapporte aux subventions, et ceci a trait au bill C-202, là nous nous trouvons dans le cadre de notre juridiction et nous pouvons en décider. Mais si nous devons construire une école ou un hôpital afin d'attirer une industrie; nous ne pouvons pas le faire parce que c'est un problème de juridiction.

**M. Saltzman:** Ce qui me paraît important dans le programme que vous proposez, c'est que qu'il y est clairement indiqué que le gouvernement fédéral peut prendre l'initiative en coopération avec des provinces, dans tout domaine et dans la mesure où les provinces sont d'accord, l'excuse de non-intervention fédérale dans certaines régions n'est pas aussi justifiée qu'elle aurait pu l'être dans le passé.

**M. Marchand (Langelier):** Oui.

**M. Saltzman:** Puis-je terminer avec une dernière question; je suis sûr que d'autres membres voudraient poser des questions aussi. Si, une des choses qui est nécessaire, par exemple pour cette infrastructure dont nous parlons, si elle est nécessaire pour encourager une industrie à s'installer dans une région, ainsi, par exemple, le logement, est-ce que vous êtes prêt à accepter une demande d'un gouvernement provincial pour aider dans ces projets de construction, pour attirer l'industrie.



[Texte]

**Mr. Marchand (Langelier):** Well, you know that the purpose of both laws is to ensure that there is industrial development and regional development. So we are interested in houses, not as such but in relation to the industrial development. So if there is a housing problem of course we will be interested in solving this problem, always in relation to the goal that we are trying to attain. But we are not going to move into any region in order to solve the housing problem that may exist there. It has to be in relation to the industrial development. This is the only difference.

**Mr. Saltzman:** Thank you very much, Mr. Minister.

**Mr. MacDonald (Egmont):** Could I ask a supplementary directly related to that question to clarify something? On the housing question you said that you would be interested if it related to other problems, presumably concerning employment.

**Mr. Marchand (Langelier):** In other words if the company for example is ready to establish itself in the region but there is a shortage of housing and we have to have houses for workers, this is a problem we will have to deal with.

**Mr. MacDonald (Egmont):** I just wanted to clarify whether that problem, in the illustration you used, could be dealt with under the scope of this particular bill, or would you see further legislation needed to get at that particular problem?

**Mr. Marchand (Langelier):** I think that we would call in C.M.H.C. This is what we were going to do.

**Mr. Kent:** We would do it under the departmental legislation.

**Mr. MacDonald (Egmont):** Under the department but not under the...

**Mr. Marchand (Langelier):** Yes, but...

**Mr. MacDonald (Egmont):** So it comes within the scope of the Department but not this specific legislation?

**Mr. Marchand (Langelier):** That is correct.

**Mr. MacDonald (Egmont):** I am sorry but I interrupted the Minister when he was going to say something prior to that statement.

**Mr. Marchand (Langelier):** The other day Mr. Saltzman mentioned that it would be good to have a Crown corporation to do

[Interprétation]

**M. Marchand (Langelier):** Vous savez que le but des deux lois est de s'assurer qu'il y a développement industriel et développement régional. Donc, nous nous intéressons au logement pas en tant que tel, mais en rapport avec le développement industriel. S'il y a un problème de logement, bien sûr, nous voudrions essayer, de résoudre ce problème, toujours en tenant compte de l'objectif que nous voulons atteindre. Mais nous n'allons pas nous installer quelque part dans une région pour résoudre le problème de logement qui peut y exister. Cela peut se faire seulement dans le cadre du développement industriel. C'est la seule différence.

**M. Saltzman:** Merci beaucoup, monsieur le ministre.

**M. MacDonald (Egmont):** Une question complémentaire. Pour la question du logement, vous avez dit que vous vous êtes intéressé à ce problème dans la mesure où il est relié à d'autres problèmes, comme l'emploi, par exemple.

**M. Marchand (Langelier):** En d'autres mots, si une compagnie est prête à s'établir dans une région, mais qu'il y ait manque de logements, et que des logements soient nécessaires pour les travailleurs, il nous faudra nous occuper de ce problème.

**M. MacDonald (Egmont):** Je veux savoir si ce problème dans l'exemple que vous venez de donner pourrait être traité dans le cadre de ce bill en particulier ou est-ce que vous envisagez de promulguer d'autres lois pour régler ce problème particulier?

**M. Marchand (Langelier):** Je crois qu'il faudra faire appel à la Société centrale d'hypothèque et de logement. C'est ce que nous ferons.

**M. Kent:** Nous le ferions en vertu du règlement ministériel.

**M. MacDonald (Egmont):** Dans le cadre du ministère, mais non...

**M. Marchand (Langelier):** Oui, mais...

**M. MacDonald (Egmont):** ...sous cette loi particulière.

**M. Marchand (Langelier):** C'est juste.

**M. MacDonald (Egmont):** Je m'excuse d'avoir interrompu le ministre alors qu'il allait dire quelque chose...

**M. Marchand (Langelier):** M. Saltzman l'autre jour a mentionné que ce serait une bonne chose d'avoir une société de la Couronne qui



## [Text]

things that private enterprise would not do. We can do that under Clause 26, paragraph (c).

(c) may provide that Canada and a province may procure the incorporation of one or more agencies or other bodies, to be jointly controlled by Canada and the province, for the purpose of undertaking or implementing programs or projects to which the agreement relates or any part of such programs or projects.

I just wanted to mention that.

**Mr. Saltsman:** I think you may have to use that section on occasion.

**Mr. Marchand (Langelier):** This is in the law establishing the Department. I did not answer the other day in the House because I did not have time.

**M. Serré:** Merci, monsieur le président. Monsieur le ministre, dans vos déclarations et commentaires concernant ce nouveau projet

## ● 2030

de loi, vous avez mentionné à maintes reprises que vous aviez l'intention d'empêcher les abus qui s'étaient produits sous l'ancien programme ADA. Vous avez parlé de subventions qui auraient été données à des compagnies qui, peut-être, n'en avaient pas besoin.

**Mr. Marchand (Langelier):** Ce ne sont cependant pas des abus au point de vue juridique; je veux dire que ce ne sont pas des choses qui se sont faites illégalement ou irrégulièrement: Ces subventions ont été accordées selon la loi. Ce sont des abus, si on pense à une meilleure utilisation de l'argent à distribuer.

**M. Serré:** Justement, il y a peut-être eu des subventions qui ont été faites à des compagnies qui se seraient établies dans cette région quand même ou qui se sont établies dans cette région, sans que la population, ou les gens sans emploi en bénéficient comme ils auraient dû. Alors quels moyens entendez-vous prendre pour empêcher ce problème de se répéter dans l'avenir?

**Mr. Marchand (Langelier):** Il y a d'abord la loi elle-même et, je reviens un petit peu sur une idée que je n'ai peut-être pas exprimée assez clairement; le mot «abus» signifie en somme un peu quelque chose d'irrégulier. Ce n'est pas du tout ce que j'avais l'intention de dire. Ce sont des abus dans le sens que ce sont des argent dépensés sans qu'il soit nécessaire de le faire, parce que ceux qui

## [Interpretation]

se chargerait de faire certains travaux que l'entreprise privée n'est pas intéressée à faire. Nous pouvons le faire dans le cadre de l'article 26, paragraphe c):

(c) peut prévoir que le Canada et la province peuvent obtenir la constitution en corporation d'un ou plusieurs organismes ou autres corps constitués, sous le contrôle conjoint du Canada et de la province, et ayant pour objet d'entreprendre ou de mettre en œuvre tout ou partie des programmes ou projets auxquels se rapporte l'accord.

Je voulais juste mentionner ce paragraphe.

**M. Saltsman:** Je crois que vous pouvez vous servir de cette section à l'occasion.

**M. Marchand (Langelier):** Il s'agit de la Loi instituant le ministère de l'Expansion économique régionale et non pas du bill C-202. Je ne l'ai pas dit l'autre jour, parce que je n'avais pas le temps.

**Mr. Serré:** Mr. Chairman, Mr. Minister, in your statement and comments concerning this new bill, you have mentioned several times

that it was your intention to present abuses which had occurred under the previous program. You spoke of incentives which could have been given to companies that perhaps did not need it.

**Mr. Marchand (Langelier):** These are not abuses in the legal sense. I wish to say that these are nothing illegal or irregular. These subsidies are granted in accordance with the law. They are only abuses when you think of the best possible use to give to the money.

**Mr. Serré:** Precisely, there may have been subsidies that were granted to companies which would have gone into those areas anyway, or which did set up in those areas without the population or at least the unemployed people being able to take advantage of it, as they should have. So, what steps do you intend to take in order to prevent this problem from recurring in the future.

**Mr. Marchand (Langelier):** First of all, you have the legislation itself and I have to come back to an idea because I may have not been clear enough in this respect: When you use the word "abuses" it means that there is something irregular about it. Well actually this is not what I meant at all. These things are abuses in the sense that it is money spent without a necessity for the spending because

## [Texte]

administraient le programme ADR appliquaient la loi telle qu'elle était: Dès qu'une compagnie répondait aux critères de la loi, automatiquement cette compagnie avait un droit légal aux octrois. Alors ce n'est pas un but dans le sens juridique du terme, le programme a été bien administré, sans abus et sans erreur grossière, de moins personne ne m'en a jamais rapporté.

Je voulais dire qu'à certains moments, on donnait à certaines compagnies des montants d'argent dont elles n'avaient pas besoin pour s'établir. Par exemple, si demain matin, l'*International Nickel* découvrait une mine de diamants très riche dans une région désignée, comme le Lac St-Jean, pourquoi donnerait-on \$5,000,000 à l'*International Nickel* pour aller exploiter cette mine de diamants? Ce genre de choses sous l'ancienne loi, donnaient automatiquement droit à des octrois, et c'est ce que j'appelais des abus, dans le sens que la loi elle-même nous forçait en somme à donner de l'argent à des compagnies qui non seulement n'en avaient pas besoin, mais n'étaient pas influencées pas du tout dans leur choix. Alors comment y remédier?

On s'est aperçu que la plupart du temps, ces abus ou plutôt ces défauts de la loi se produisaient dans le secteur primaire. Quel est le but du Bill C-202? C'est d'inciter des entreprises à s'installer dans des régions où elles n'iraient pas normalement parce que c'est trop loin du marché, parce qu'il y a des inconvénients locaux, parce qu'il y a un tas d'obstacles qui font que ces compagnies n'iraient pas. C'est ce que nous appelons nos régions à faible croissance. Alors le but de cette loi c'est de donner un octroi en vue de les inciter à y aller et un octroi assez élevé pour que les obstacles qui se présentent ne soient plus des obstacles dans le choix de la localisation.

Or, on sait que, pour un grand nombre d'industries, l'octroi n'est pas un facteur de localisation. Par exemple les mines, sont des cas typiques: On ne décide pas d'aller à Chibougamau ouvrir une mine parce que là on bénéficie d'un octroi du gouvernement fédéral. La mine est là, et on décide, alors ce n'est pas un facteur de localisation. Il y a ainsi des industries comme celles du papier, dont le premier intérêt, c'est de se rapprocher de leur matière première. Vous ne voyez pas des moulins de pulpe et de papier dans la ville de Montréal ou dans la ville de Toronto. Pourquoi? Parce que le fait d'être près du marché de Toronto ou de Montréal n'est pas un avantage pour une compagnie de papier. Mais ce qui en est un, c'est d'être près de sa source d'alimentation en matière première, c'est-à-dire du bois. Quel est le facteur de localisation dans ce

## [Interprétation]

those who administered the ADA program were applying the law as it was: as soon as a company was meeting the criteria of the legislation those companies had automatically a legal right to those grants. So, it is not an abuse in the legal sense of the word, the program was well administered, without any abuse or gross error, at least, nobody reported them to me ever.

What I meant to say was that at a given time it happened that certain companies were given amounts of money which they did not need. For instance, if tomorrow morning International Nickel discovered a big diamond bed in a given area, such as the Lac St. Jean area, why should we give \$5 million to International Nickel to develop that bed. This type of thing, under the old Act automatically gave a right to grants, and this is what I called abuses, in the sense that the law itself forced us to give money to companies which actually did not need that money, not only did not need it, but also did not influence them in choosing their location. So how can we remedy the situation?

We realize that in most of the cases those abuses, or these flaws in the law were occurring mostly in the primary sector. What is the purpose of Bill C-202? It is to try to induce Companies to establish themselves in areas where too far removed from the market, because there are inconvenient locations, because there are a host of obstacles causing those companies not to go there. They are what we call our low growth areas. So, the purpose of that Bill is to give a grant so that they go there, a rather large grant high enough so that the obstacles which they face are no longer obstacles in the choice of its location.

Now then, we know that there is a large number of industries for which grants are not a factor in their location. For instance, the mines are typical cases: One does not decide to go to Chibougamau to open a mine, because one benefits from a grant of the federal government. The mine is there and we decide about it, so, it is not a location factor. There are industries such as the paper industry, the major interest of which is to go as close as possible to their raw materials. You would not see a paper and pulp mill in the downtown area of Montreal or Toronto. Why? Because the fact of being close to the Toronto and Montreal markets is not an advantage for a paper company. But what is an advantage to them, is to be as near as possible to their supply source of raw material, that is of wood. So what is the location factor in this



## [Text]

cas-là? Ce ne sont pas nos octrois, mais la matière première elle-même. Pourquoi donnerait-on un octroi en plus?

A cause de la localisation, il peut arriver que des industries n'aillent pas s'installer dans des zones désignées. Mais il y a quelque chose que je veux vous dire à ce sujet: on peut détruire la loi par ces choses-là. Prenons un exemple dans le cas de l'industrie du papier. Une usine de papier est située, disons à 150 milles de Toronto, et une autre en Nouvelle-Écosse dans une région désignée. L'usine de la Nouvelle-Écosse a droit, suivant la loi actuelle, à un octroi, mais pas celle de Toronto. Et pourtant, l'usine de la Nouvelle-Écosse n'est pas désavantagée du tout par rapport à celle de Toronto. Dans le cas du papier, il n'y a pas de désavantages et il peut même avoir des avantages. L'usine, de la *Lake St-John Power & Paper*, par exemple à Dolbeau n'est pas désavantagée par rapport à l'*Anglo Pulp* à Québec.

Pourquoi prendre de l'argent qui vient de l'Ontario, par exemple, pour le donner à une compagnie, qui l'accepte avec plaisir, mais qui n'en a pas vraiment besoin et qui va faire une concurrence déloyale à celle de Toronto. Le but des octrois est de faire disparaître les désavantages pour que l'usine en Nouvelle-Écosse soit sur un pied d'égalité avec celle de l'Ontario, pas avantagée, parce que cela revient à prendre de l'argent en Ontario, en Colombie Britannique ou en Alberta, pour le donner à des compagnies non-désavantagées sur le plan de la concurrence et qui vont en profiter pour faire une concurrence déloyale. Nous ne pourrions pas maintenir le système dans ces conditions. D'ailleurs, quand je suis allé à Cochrane, un employeur m'a dit simplement: «quand un gouvernement est assez bête pour nous donner de l'argent que nous n'avons pas demandé, nous autres sommes assez fins pour le prendre.

Donc, en excluant ces entreprises, que c'est une première protection. La deuxième, c'est que le prêt ou plutôt le don n'est plus automatique. Autrefois, dès que les conditions étaient remplies, la compagnie pouvait presque exiger le paiement de la subvention. À l'avenir, ce ne sera plus automatique.

Donc, après étude du cas, par les fonctionnaires, si nous en venons à la conclusion que c'est vraiment un abus que de donner un certain nombre de millions à une compagnie, qui de toute façon, va s'installer dans cette région et dont la décision était prise, nous avons le droit de refuser. Voilà notre protection.

**M. Serré:** Merci. La deuxième question que j'aimerais vous poser est la suivante. Vous

## [Interpretation]

case, it is not our grant, but rather the raw material itself. Why would we give a grant in addition to this.

Well naturally it can happen that an industry, due to the location, would not establish themselves in a designated area. But there is something else that I want to tell you in this respect: we can destroy the law by doing those things. Take for instance the paper industry; a paper plant is located, let us say at 150 miles from Toronto, and another one in Nova Scotia in a designated area. The Nova Scotia plant, according to the present law is entitled to a grant, not the Toronto plant. And yet, the Nova Scotia plant is not at all at a disadvantage as compared to the Toronto plant. In the case of paper there are no disadvantages and there might even be an advantage. The plant of the *Lake St-John Power and Paper*, for instance at Dolbeau is not at a disadvantage compared to *Anglo Pulp* in Quebec.

Why take money coming from Ontario, for instance, to give it to a company which will certainly accept it quite willingly, without really needing it and which will compete unfairly with another company in Toronto. The purpose of the grant is to eliminate the disadvantages so that the plant in Nova Scotia is on a competitive footing with that of Toronto, not above it, because that would mean taking money from Ontario or British Columbia or Alberta and give it to companies which are not at a disadvantage from the competition point of view and which will take advantage of it to create a unfair competition. We cannot maintain the system under those conditions. When I went North to Cochrane for instance an employer told me simply: when a government is stupid enough to give us money we did not ask for, then we are smart enough to take it.

So you see, excluding those companies is a form of protection. Secondly, the loan or rather the gift is not automatic. Previously, as soon as the conditions were met, the company could almost demand the payment of the grants. In the future it will not be automatic.

Therefore, having studied the case with the department officials, et cetera, if we come to the conclusion that it is indeed an abuse to give a certain number of millions of dollars to a company which would anyway go to that area because it has decided to do so, then we have the right to refuse. This is the way we protect ourselves.

**Mr. Serré:** I thank you very much. The second question I would like to ask you is the



## [Texte]

avez mentionné vous-mêmes que vous insistez sur le chômage dans le choix des régions désignées. On sait que dans certaines régions il n'y a presque pas de chômage. Je pense tout particulièrement à la région de Sudbury où il y a des mines très riches et où le taux de chômage n'est pas élevé. Par contre, même si, économiquement, une région comme celle de Sudbury est très prospère, elle occasionne des problèmes parce qu'il n'y a pas d'emploi pour la population plus jeune, pour la population la plus âgée, et aussi pour la population féminine. Avec le résultat que s'il n'y a pas de chômage là, c'est que les gens qui ne peuvent travailler dans les mines sont obligés d'aller chercher fortune ailleurs, soit dans le Sud de l'Ontario ou ailleurs. Alors j'aimerais savoir si parmi les critères utilisés pour désigner une nouvelle région vous allez considérer ces autres facteurs que je viens de mentionner.

**M. Marchand (Langelier):** Vous avez commencé en affirmant que l'un des critères utilisés serait le chômage. Or c'est justement une expression que nous n'avons pas utilisée. Nous avons utilisé l'expression «manque d'opportunités d'emplois.» Il y a des endroits où il peut ne pas y avoir de chômage du tout et pourtant ne pas y avoir d'opportunités d'emplois. Comme vous le savez dans certaines villes, et surtout les villes minières, ce qui arrive bien souvent, c'est que les gens qui perdent leur «job» ne restent pas là, mais s'en vont. Dans ces cas, si vous regardez les statistiques de chômage, vous vous apercevez qu'elles sont très bonnes, qu'il n'y a presque pas de chômeurs. Que manque-t-il dans le coin? Il manque vraiment des «opportunités d'emplois.»

Il y a des villes industriellement très fortes. Je pense en particulier à la ville de Shawinigan. Pour une petite ville, elle est bourrée d'industries: Il y a là la *Shawinigan Chemicals*, *Consolidated Bathurst*, la *CIL*, *Dupont de Nemours*, *Shawinigan Water & Power*, filiale de l'Hydro-Québec, une usine de textiles, la *Canadian Carborundum Co. Ltd.*

C'est une petite ville bourrée d'industries, mais toute la jeunesse est obligée de s'exiler. D'abord parce que les entreprises s'automatisent, il y a de moins en moins d'emplois, et il ne se crée pas, justement, de nouveaux postes. Et ce manque de renouvellement est considéré plus que le chômage.

Le chômage peut être un indice, mais ce n'est pas un critère définitif sur lequel nous avons l'intention de nous baser. Le critère d'opportunités d'emplois est plus important. Voilà une différence fondamentale entre la

## [Interprétation]

following. You mentioned yourself that you would insist on unemployment as a criteria for election of designated area. We know that in some areas there is almost no unemployment, I am thinking particularly of the Sudbury area, where there are rich mines, and where unemployment is not high. But even if an area such as the Sudbury area is good, economically very prosperous it still creates problems in the sense that there is not employment for the younger and older population as well as the female population. The result is that if there is no work, people who cannot work in mines have to go to other places in South Ontario, or other places. So, I would like to know if among the criteria which you intend to use in the selection of the areas you will consider these other factors as well.

**Mr. Marchand (Langelier):** You have started by asserting that one of the criteria would be unemployment. Actually, it is not an expression which we have used. We have used the phrase "lack of employment opportunities". There are places, for instance, where there might not be any unemployment at all but where there would not be employments opportunities. As you know in some towns, especially mining towns, people often lose their jobs, do not stay there, but leave. So if you look at the unemployment statistics you realize that they are extremely good, that there is almost no unemployment. But what is lacking? Actually, working opportunities are lacking.

You have cities and towns which are extremely strong in industry. I am thinking particularly of Shawinigan. For a small city, it has a large number of industries. You have *Shawinigan Chemicals*, *Consolidated Bathurst*, *C.I.L.*, you have *Dupont de Nemours*, you have *Shawinigan Water Power*, which is a subsidiary of Hydro Quebec, and you have textile plants, you have the *Canadian Carborundum Co. Ltd.*

It is a very small town with a large number of industries yet all the young people have to leave. First, because the firms are becoming automated there are less and less jobs and there are no new jobs being created. And this lack of renewal is more than just unemployment.

Unemployment can be an indication, but it is not a definite criterion on which we intend to base ourselves. The criterion based on work opportunity is more important. This is vital difference between the new Act as com-

## [Text]

nouvelle loi et l'ancienne. Jusqu'à maintenant, dans la désignation des régions, le chômage était un élément primordial, le revenu moyen et le chômage.

Je ne veux pas dire qu'on en tiendra plus compte du tout. Par exemple toute la province du Manitoba se plaint que, justement, elle n'a pas profité de la *Loi sur la Banque de développement industriel* et du programme de l'ADR, parce que le chômage y était relativement peu élevé. Et il est relativement peu élevé parce que les travailleurs s'en vont ailleurs, dans d'autres provinces, lorsqu'ils perdent leur emploi.

Alors même si le chômage était inexistant à l'heure actuelle au Manitoba, à cause de cet exode de la main d'œuvre, nous pourrions quand même désigner la province du Manitoba. Notre point de vue est maintenant tout à fait différent de ce qu'il était auparavant.

**M. Serré:** Si je comprends bien, monsieur le ministre, des villes où il y a plusieurs industries comme Shawinigan ou Sudbury qui n'a qu'une industrie principale, les mêmes pourraient être incluses dans une nouvelle région désignée?

**M. Marchand (Langelier):** Oui, si vous posez la question d'une façon générale, oui, il n'y a pas d'objection du côté de la loi. Mais cela ne veut pas dire qu'on va désigner Sudbury, c'est une autre question!

**The Chairman:** Mr. MacDonald.

**Mr. MacDonald (Egmont):** I would like to put one specific question to Mr. Marchand and then a couple of general questions.

Your discussion with Mr. Serré with regard to plants coming in I think related to earlier questions this evening as well about having flexibility in this new legislation to make a decision on whether a plant would settle in a given area with or without assistance and, if not avoid the abuse of public funds, at least make a wiser expenditure of public funds. I think the theory is an excellent one, but I have difficulties trying to see how this works out in practice.

How do you plan make the practical decision of whether or not the various applicants are qualified on this limited basis that an industry might settle in a given area with or without assistance. Obviously, in the first instance if an industry is going to locate or desires to locate in one of these designated regions, assuming that they have any managerial awareness and skill at all they are going to begin with the assumption that they need this kind of assistance and they are going to put the strongest possible case either

## [Interpretation]

pared to the previous Act. Until now, in the designation of the areas, unemployment was a fundamental factor, the average income and unemployment.

I do not mean to say that it will not be taken into account at all. For instance, the entire Province complains that precisely it did not have the possibility of taking advantage of the Industrial Development Bank Act and of the ADA program, because unemployment was relatively low. And it is relatively low precisely because workers go away to other provinces when they lose their job.

So, even if unemployment were non-existent in Manitoba right now because of this labour exodus, we could nevertheless designate the Province of Manitoba. Our viewpoint is now totally different from what it was previously.

**Mr. Serré:** Mr. Minister, if I understand correctly, it could very well happen that cities where there are several industries as you said, such as Shawinigan or Sudbury, could be included in a new designated area?

**Mr. Marchand (Langelier):** Yes, if you put it in a general way like this, yes. There is no objection from the point of view of the law. But that does not mean that Sudbury will be designated. That is a different question.

**Le président:** M. MacDonald.

**M. MacDonald (Egmont):** J'aimerais poser une question spécifique, à M. Marchand, puis quelques questions d'ordre général.

Dans la discussion que vous avez eue avec M. Serré en ce qui concerne la future installation d'usines, je pense que c'est une autre question qui a été posée précédemment ce soir en ce qui concerne la souplesse de la nouvelle loi pour que la décision soit prise à l'égard du choix d'une région. Je pense que c'est une excellente théorie certainement, mais, pour ma part, j'ai des difficultés à voir comment ça peut marcher en pratique.

Je me demande, en fait, comment vous en arrivez à prendre des décisions de ce genre et si oui ou non plusieurs candidats sont véritablement qualifiés sur cette base très limitée qui veut qu'une industrie s'installe dans une région donnée?

Parce que certainement si une industrie veut s'installer dans une région donnée, dans une région spécifiée à l'avance, et si ils ont de bons administrateurs, ils s'apercevront qu'ils ont besoin de cette aide, de cette assistance. Et pour cela ils vont s'adresser aux fonction-



## [Texte]

to yourself or to your officials in order to gain what would be considerable assistance in the case of a new industry or an industry desiring to produce, as the Bill states, new products.

The more I think about this the more I think that attempting to make a decision on whether or not an industry would locate without a system and become a profitable industry is about as subjective a decision as anyone in business is called upon to make.

Looking at it from the other side, if the view taken by the officials, or yourself and the Department, is so stringent that there must be no doubt this industry would not establish without the kind of assistance, perhaps up to 45 per cent or around that as a maximum, then surely you are in danger of encouraging a lot of very weak-sister industries. Industries that may involve very risky ventures which in too many cases will end up going bust very soon after they have attempted their operation.

•2045

It seems to me as well, speaking to the fear you expressed on Friday about the unnecessary delay and your anxiety to overcome the kind of delays that might arise, that this in a way has a danger of building in dreadfully long delays. I think if a company were going after a large sum of money it would first of all put together a very persuasive argument and then it would make sure that the persuasion was carried on at every level, beginning with the first officials to be consulted right up to yourself as Minister. I think again we might be faced with a situation where the industries that had the best story would be the ones that received most favourable consideration.

As I say, the theory, I think, is a good one, but I would be interested to know how you plan to overcome what seem to me some very practical difficulties in working this out in practice.

**Mr. Marchand (Langelier):** Yes, I agree that in certain cases it would be quite difficult. I agree with that. You may have the following situation, considering the level of grants that we are giving. I am sure that in certain regions many industries will be interested in locating. We will have to make a choice. We have some limitation, we have our own budget; we cannot spend money at will. We are limited by our own budget and we will be limited, too, by a certain regional division of the money we have. We cannot develop only one sector of Canada, we have to take care of

## [Interprétation]

naires pour espérer obtenir l'aide qui sera certainement nécessaire pour l'établissement des nouveaux complexes.

Et, puis, plus je pense à cela, plus je pense que la tentative de prendre une décision en fonction de savoir si une région va s'installer ou non dans cette région, si on lui donne cette aide ou si on ne la lui donne pas, en fait, étant fait d'un critère aussi subjectif que possible.

Maintenant, si vous regardez la chose d'un autre côté et si l'avis de vos fonctionnaires est si rigoureux et si ferme que vous en arrivez à décider qu'il y a aucun doute possible et que cette industrie ne s'installera pas dans la région sans cette aide, disons, à 45 p. 100, eh bien, certainement que vous courez le risque alors d'encourager la création d'industries sœurs très faibles et cela pourra entraîner une situation très dangereuse où les compagnies risquent de faire faillite juste après leur mise en exploitation.

Il me semble, que lorsque vous avez exprimé vos craintes vendredi au sujet des délais non désirés, il semble justement que cela risque d'entraîner des retards trop longs parce qu'une compagnie ayant besoin d'argent elle pourrait présenter un argument très persuasif puis ensuite s'assurerait que ce moyen de persuasion s'appliquera à tous les niveaux, à commencer par les premiers fonctionnaires intéressés, puis, jusqu'au ministre lui-même. Puis, je pense encore une fois, à ce moment-là, on pourrait se trouver en face d'une situation où la société qui en profiterait le plus, serait celle qui aurait reçu la meilleure considération.

Comme je l'ai dit, la théorie est bonne, certainement, mais, pour ma part, je serais très heureux de connaître les détails de l'application, afin de voir comment vous parviendrez à passer à travers ces difficultés.

**M. Marchand (Langelier):** Oui, je suis d'accord avec vous. Je reconnais que dans certains cas, on rencontre des difficultés. Je suis parfaitement d'accord. Mais, il se peut que vous vous trouviez dans la situation suivante: compte tenu du niveau de subventions que nous donnons, je suis certains que dans certaines régions, beaucoup d'industries seraient intéressées de s'installer dans ces régions. Maintenant, il nous faudra faire un choix. Nous avons certaines limites; nous avons nos propres budgets. Nous ne pouvons pas dépenser de l'argent comme nous le voulons. Nous



[Text]

all the designated regions. So there are some limitations.

Suppose we have two applications from two different companies. One is labour intensive and the other is capital intensive. One will employ, say, 1,000 people, the other will employ 200 people.

The one that will employ only 200 people probably would be entitled under the law to the maximum grant, because that means probably that the investment per job would be higher, because there are less workers and it is capital intensive, so by definition it will be higher. So they will be authorized under the law to have \$30,000 per job created, or 45 per cent of the capital investment.

It might be different for the other one employing 1,000 people, because there the investment per job might be lower. So we would have to make a decision there. If we could give grants to all the companies that want to go there, all right. Probably all will be included if it does not deprive another region of investment. If it is not so, if we have to make a choice, what choice do you think we are going to make?

Probably we will lean towards the labour intensive industry, because this is the very purpose of this law. This law is not there to develop industry as such, per se, but in relation to employment opportunities. We may very well at this moment say to the other company, "If you are interested, okay, but we are going to give you only \$5,000 per job created".

This is discretion of course, but if we do not proceed along those lines I think we are not going to attain the objective. We have limited amounts of money. If we had unlimited amounts of money I think it would not, but we should not forget that the purpose of the law is to create employment opportunities. In many circumstances we will have to make a judgment on which applications will meet best the needs of the region. There may be a case where only one industry makes application, it is capital intensive and nobody

[Interpretation]

sommes limitées par nos propres budgets et nous serons limités également par certaines considérations: la répartition régionale des disparités. On ne peut pas, par exemple, mettre tout cet argent dans un seul secteur du Canada. Il faut distribuer cela équitablement. Par conséquent, il y a certaines limites.

Maintenant, supposons que nous ayons deux demandes qui nous sont envoyées par deux ou trois sociétés différentes. Par exemple, il y a dans un cas, une industrie de main d'œuvre, l'autre une industrie de capital. Il y en a une qui emploiera 1,000 personnes, et l'autre seulement 200.

Alors, celle qui emploiera 200 employés va, d'après la loi, peut-être bénéficier des subventions maximums. Et, peut-être, parce que l'investissement par emploi sera supérieur et étant donné qu'il y a moins d'employés, et que l'industrie consiste en un investissement considérable, par conséquent, d'après la loi, cette industrie pourrait toucher jusqu'à \$30,000 par emploi créé, soit 45 p. 100 du capital investi.

Mais cela pourrait être différent pour l'autre société qui emploierait, par exemple, 1,000 travailleurs, parce qu'à ce moment-là, l'investissement par emploi sera inférieur.

Alors, il nous faut prendre une décision. Si on ne peut pas donner des subventions à toutes les sociétés, qui nous le demandent, c'est très bien. A ce moment-là, c'est très bien surtout si ça ne prive pas d'autres régions d'un investissement. Mais si ce n'est pas le cas, s'il faut faire un choix, faire une sélection, alors, qu'est-ce que vous pensez que nous allons choisir?

Certainement nous allons tendre du côté de l'industrie qui emploie la plus forte proportion de main d'œuvre parce qu'en fait, nous ne voulons pas développer les industries en tant que telles, mais nous voulons surtout le faire en fonction des possibilités d'emploi d'une industrie quelconque. Par conséquent, le premier critère, et on peut très bien dire dès le départ, «Bon, si vous êtes intéressés, c'est très bien», mais on va pouvoir ne donner que, malheureusement, disons, \$5,000 par emploi créé.

Par conséquent, voilà notre pouvoir discrétionnaire, mais, si nous n'agissions pas ainsi, je ne pense pas que nous atteindrions quoi que ce soit. Car nous n'avons pas de sommes d'argent illimitées. Et, si c'était le cas, ça ne poserait pas de problème. Il ne faut pas oublier que le but de cette loi est de créer des emplois et que dans bien des cas, de porter un jugement à savoir quel sera le cas qui répondra le mieux aux besoins de la région. Maintenant, il peut se produire le cas où, par exemple, une seule industrie fait une

[Texte]

else is interested in going there. Perhaps we will say, all right, that is the only way, that is the only solution we have. However, we know very well that in many cases it will be possible at this level of grant to exercise a certain discretion and better serve the needs of the region.

**Mr. Robinson:** Dave, if you do not mind a supplementary?

**Mr. MacDonald (Egmont):** No. Fine.

**Mr. Robinson:** Do I understand that the remarks Mr. Marchand has just made with reference to Mr. MacDonald's question had to do with where there is more than one application by different companies, shall we say, to go into the same designated region?

• 2050

This would not necessarily be your policy if there were several applications by companies to different regions?

**Mr. Marchand (Langelier):** Would you please excuse me, I was not...

**Mr. Robinson:** Your remarks would not necessarily apply were there several applications to different regions?

**Mr. Marchand (Langelier):** This is what is going to happen because if we have many regions in Canada we are surely going to have many applications at the same time for different regions. What you have in mind is whether we are going to have a list of priorities at this stage?

**Mr. Robinson:** This is what I am coming to, I am wondering what priorities you set. In other words, it may be that a company going into one area would only be able to employ 200 people, as you suggest, and another company going into another area would employ 1,000 people. Do I understand from your remarks that you would be inclined to support those interested in going into the areas where the greater number of people are going to be provided with jobs, and that the other areas would remain...?

[Interprétation]

demande. Et c'est une société qui est très bien nantie et personne ne s'intéresse à s'implanter dans la région en question. Nous allons peut-être être obligé de dire «oui» dans ce cas parce que c'est la seule solution.

Mais, nous savons très bien que dans bien des cas il sera possible au niveau de la subvention, d'exercer un certain pouvoir discrétionnaire et de mieux répondre aux besoins de la région.

**M. Robinson:** Puis-je poser une question supplémentaire?

**M. MacDonald (Egmont):** Allez-y.

**M. Robinson:** Je crois comprendre que les remarques du ministre à la question de M. MacDonald portaient sur le cas où il y aurait plus d'une demande faite par les compagnies qui voudraient, en fait, se rendre dans la même région. C'est bien cela? Et que cela ne

serait pas nécessairement votre politique si, par exemple, il y avait plusieurs compagnies qui faisaient des demandes pour différentes régions?

**M. Marchand (Langelier):** Je m'excuse, je n'ai pas très bien compris?

**M. Robinson:** Les remarques que vous avez faites ne s'appliqueraient pas dans le cas où il y aurait plus d'une demande faite pour plusieurs régions? Elle s'applique uniquement pour les cas où il y a plusieurs demandes faites pour la même région?

**M. Marchand (Langelier):** Mais, c'est de toute façon ce qui va se produire. Parce que nous avons plusieurs régions au Canada, et certainement nous allons avoir plusieurs demandes en même temps pour différentes régions.

En fait, ce que vous voulez dire, c'est que nous allons avoir une liste de priorités? C'est ça?

**M. Robinson:** C'est exactement ce que je veux savoir. Je me demande quelles sont les priorités fixées? Il se peut très bien, que par exemple, une compagnie qui s'installe dans une certaine région, ne pourra employer que 200 personnes. Comme vous l'avez dit, une autre entreprise s'installera dans une autre région et emploiera 1,000 personnes. Dois-je comprendre d'après ce que vous dites que vous auriez tendance par exemple à appuyer ceux qui veulent aller dans les régions où il y a un plus grand nombre d'ouvertures pour le travail et les autres régions seraient en quelque sorte...



[Text]

**Mr. Marchand (Langelier):** Yes, we assume that at the start we will have money to give grants to all regions of Canada. I do not say to accept all applications that will be made, because if we receive thousands of applications involving, say, \$400 million or \$500 million, perhaps we will say, "We will have to delay. We cannot afford it." Therefore we will have to establish a certain priority. But at the beginning I think—and it is in our mind—we will try to develop each of the regions to be designated.

**Mr. Robinson:** To follow that up, what I was particularly concerned about was whether there would be some priority allotment of funds towards each of these various areas designated by the federal government along with the provinces, as such, so that they would not all necessarily go to one particular region?

**Mr. Marchand (Langelier):** No, it is not our intention to serve only one region. All those regions to be designated will be served by the federal government, but there is no doubt in my mind that some regions are more in need than others.

**Mr. MacDonald (Egmont):** First of all, let me say that the illustration the Minister used with me was a good one for his purposes, but I think, in a way, he goes no farther than simply to say, "Here is an illustration which we would find relatively easy to deal with". When you get into the nuts and bolts of dealing with specific industries I hope the cases you face will be that simple of resolution, but I would believe that both the position of various potential industries and the description of what they will offer by way of, for example, job-intensity guarantees, or of growth along certain job-intensive lines, would obviously have to be taken into account.

However, I do not want to spend a great deal of time on that, because I think it will become more of a source of discussion as we go on. I would really like to deal with what I think is implied in this question and the many questions on what is perhaps an even more basic matter in the setting out of this legislation—the thing which really concerns me and to which I think we are going to keep coming back—which is what the over-all policy will be in terms of the designation of areas.

It may be fairly easy to designate an area. In other words, even though it is not very clearly spelled out here what areas will qualify for designation, that may be the easiest part of the task. What I see as real problems

[Interpretation]

**M. Marchand (Langelier):** Oui. Nous parlons du principe que nous aurons suffisamment d'argent pour donner des subventions à toutes les régions du Canada. Je ne dis pas que nous satisferons toutes les demandes car si nous recevons des milliers de demandes pour soit \$400 ou \$500 millions, nous dirons: «Nous devrons attendre; nous ne paierons faire face à ces problèmes». Il faudrait donc fixer un certain ordre prioritaire. Mais, au début c'est ce que nous voulons faire—nous essaierons de favoriser l'expansion de chaque région nommée.

**M. Robinson:** De plus, ce qui m'intéressait surtout, c'est de savoir si l'on affecterait une certaine somme dans chacune de ces différentes régions choisies par le gouvernement fédéral et provinciaux de sorte que tout n'ira pas à une seule région.

**M. Marchand (Langelier):** Non, nous n'avons pas l'intention d'aider une seule région. Le gouvernement fédéral affectera des capitaux à toutes les régions qui ont été choisies mais, il est certain qu'il y a des régions plus défavorisées que d'autres.

**M. MacDonald (Egmont):** Tout d'abord, permettez-moi de dire que l'exemple qu'a utilisé le ministre était bien approprié à ses buts mais, je crois d'une certaine façon qu'il n'a pas dit plus que: «Voici un exemple assez facile à comprendre.» Lorsque nous étudiez de façon détaillée certaines industries, je doute vraiment que ce soit aussi simple que vous le dites mais je crois que la position de diverses industries futures et la description de ce qu'elles offriront par exemple les garanties d'emploi, l'augmentation de certains débauchés etc... devraient être pris en considération.

Enfin, je ne veux pas m'étendre là-dessus parce que je pense que cela ne ferait que prolonger inutilement la discussion. Je voudrais, en fait, aborder ce que cette question implique et qui constitue un point fondamental dans la mise en application de cette mesure législative.

En fait, ce qui m'inquiète, et je pense que nous allons y revenir, c'est de savoir quelle sera la méthode générale de détermination des régions.

Il est peut-être facile de désigner une région. Autrement dit même si l'on ce détermine pas ici les régions c'est la partie la plus simple du travail. Ce que je considère comme un problème fondamental, ce sont les déci-



## [Texte]

are the decisions that will obviously have to be made in the course of the administration of this program about the kind of development that is going to take place. In other words, it strikes me that certain presuppositions, if you like—certain conclusions—will have to be made by you and your officials before you can make the kind of consequential decisions you will have to make about new industries; and this gets us into the whole business of what kind of over-all plan you have either for one region or for many regions. I think specifically of the Atlantic region.

I would be interested to know, first of all, whether each region will be dealt with separately, or, in the case of Atlantic or Eastern Canada, will the regions be considered as a kind of total unit?

• 2055

**Mr. Marchand (Langelier):** No. Why?

**Mr. MacDonald (Egmont):** Because I think it gets us back into the situation of having, in many cases, no rational policy for Eastern Canada. Surely this was something that we were gradually facing up to in the one major body that was dealing in particular with the Atlantic region—the Atlantic Development Board? Although it only got to the point of producing a series of studies on the various economic sectors, presumably the next step was the working out of some rational program for the region. For example, I do not think it would make much sense to duplicate certain industries in an area such as the Atlantic region, where one thriving industry would be much better than two or three that were always on the verge of going under.

**Mr. Marchand (Langelier):** Yes; but your first question suggested that we must deal, say, with the Atlantic Provinces as a bloc, and have a single policy for the Maritimes. You know very well that the problems of P.E.I. are quite different from those of Newfoundland, and different, too, from those of New Brunswick and Nova Scotia. Therefore, I do not think we can have the same plan for that, because it is quite different.

You know that in P.E.I. agriculture is very important. If for example, we were ever successful in Nova Scotia and New Brunswick—and even in Newfoundland—in fields other than agriculture, it might constitute the best market that P.E.I. ever had, and it might be the solution to P.E.I. without investing too much money in industries. Because P.E.I.'s natural vocations are agriculture and tourism, you know.

## [Interprétation]

sions qu'il faudra évidemment prendre pour la gestion du programme concernant le genre d'expansion à effectuer. Autrement dit, je suis surpris qu'il y ait certaines présuppositions, ou si vous voulez, certaines conclusions auxquelles nous et nos fonctionnaires devrions arriver avant de prendre une décision au sujet des nouvelles industries. Cela nous amène à savoir quel genre de programmes d'ensemble nous aurez pour une région au pour de nombreuses régions. Je pense, par exemple à la région de l'Atlantique.

J'aimerais savoir d'abord, si l'on considérera chaque région séparément ou dans le cas des régions de l'Atlantique ou de l'est du Canada, seront-elles considérées en bloc?

**M. Marchand (Langelier):** Non. Pourquoi?

**M. MacDonald (Egmont):** Parce que, je pense, qu'on revient à la situation où dans bien des cas, il n'y avait pas de méthodes rationnelles pour l'Est du Canada. Il est certain que c'est là un problème de plus en plus éminent d'un organisme important qui s'occupe de la région de l'Atlantique, l'Office d'expansion économique de la région Atlantique. Même si l'on en est arrivé à effectuer une série d'études sur de nombreux problèmes économiques, la prochaine mesure sera la mise en application de quelques programmes rationnels pour chaque région. Mais, je ne crois pas qu'il serait bon de redoubler le nombre de certaines industries dans une région comme celle de l'Atlantique où il serait préférable qu'une marche très bien plutôt que deux ou trois qui marchent à peine.

**M. Marchand (Langelier):** D'accord. Mais, dans votre première question, nous devons considérer, disons, les provinces de l'Atlantique dans l'ensemble c'est-à-dire, une seule façon de procéder pour les Maritimes. Vous savez très bien que l'Île-du-Prince-Édouard, le Nouveau-Brunswick et la Nouvelle-Écosse ont différents problèmes. Ainsi, nous ne pouvons avoir le même programme parce que leurs conditions sont différentes.

Vous savez par exemple, que dans l'Île-du-Prince-Édouard, l'agriculture est très importante. Par exemple, si vous réussissez en Nouvelle-Écosse, au Nouveau-Brunswick et à Terre-Neuve dans d'autres domaines que l'agriculture, cela sera peut-être très profitable au marché de l'Île-du-Prince-Édouard et cela pourrait empêcher l'Île-du-Prince-Édouard d'investir trop d'argent dans l'industrie. Les principales industries de l'Île-du-Prince-É-

## [Text]

If we are successful—and we have to make this assumption, because if we fail whatever I say is wrong, and the whole thing does not work—but if we are successful and are really creating economic development in those regions, it will have an impact. That means probably that the population will grow more rapidly and that you will have a better market for the products of P.E.I. This is why you cannot deal with those provinces in exactly the same way. We must have some kind of rationale behind what we are trying to do. Probably Newfoundland is not the best agricultural land in the country, so perhaps that is not what we should develop there.

**Mr. MacDonald (Egmont):** I think you and I agree, but we are coming at it from different sides. I think...

**Mr. Marchand (Langelier):** Oh, yes!

**Mr. MacDonald (Egmont):** I did not mean it in that sense, but that could be true, too!

We are saying, as you have said yourself, that if, for example, Nova Scotia and New Brunswick have some kind of industrial take-off, that could mean more people employed, a higher standard of living and more utilization of our major product, which is agriculture in Prince Edward Island.

That is really my point—that in considering each of these regions we do not consider them in isolation. They become part of a total package. When we consider Eastern Canada really as the area you have described, I think, as east of Trois Rivières or Rivière du Loup, that makes some sense to me, and I do not think you really disagree with that; but you are saying that each of these regions must be dealt with...

**Mr. Marchand (Langelier):** Yes; if you mean that the whole economy is tied together, all right—and we have to have an over-all look. This is what we are doing now; there is no doubt; we cannot do otherwise. But I understood your question to be whether we were trying to have only one policy, or should have only one policy, for all these regions.

**Mr. MacDonald (Egmont):** No, no.

**Mr. Marchand (Langelier):** So I agree with you that this is tied up together.

**Mr. MacDonald (Egmont):** There is a framework?

**Mr. Marchand (Langelier):** Oh, yes.

## [Interpretation]

douard sont l'agriculture et le tourisme. Si nous réussissons, nous devons poser cette hypothèse, car si nous échouons quoi qu'on dise que j'aie tort et que tout ne fonctionne pas—mais, si nous réussissons et que nous favorisons l'expansion économique dans ces régions, il y aura des répercussions. Cela veut dire peut-être que la population sera plus élevée et qu'il y aura un plus grand marché pour les produits de l'Île-du-Prince-Édouard. Voilà pourquoi vous ne pouvez pas considérer les provinces de la même manière. Nous devons avoir une certaine sorte d'analyse raisonnée pour faire cela. Terre-Neuve n'est peut-être pas la meilleure province pour l'agriculture, alors ce n'est peut-être pas l'aspect que nous devons favoriser.

**M. MacDonald (Egmont):** Je pense que nous sommes d'accord, simplement, nous abordons la question d'un point de vue tout à fait différent, c'est tout.

**M. Marchand (Langelier):** Oui.

**M. MacDonald (Egmont):** Je ne voulais pas dire cela mais, c'est peut-être vrai également. Nous disons, comme vous le dites vous-même, que si, par exemple, la Nouvelle-Écosse et le Nouveau-Brunswick ont une espèce d'expansion industrielle entraînant plus de débouchés sur le monde du travail, un niveau de vie plus élevé, une meilleure utilisation de la ressource principale comme l'agriculture dans l'Île-du-Prince-Édouard. C'est ce que je voulais dire; en étudiant chacune de ces régions, nous ne les considérons pas séparément; elles font partie d'un groupe. Lorsque nous songeons à l'Est du Canada comme vous l'avez décrit, je crois, comme l'est de Trois-Rivières ou de Rivière-du-Loup, cela signifie quelque chose pour moi et je pense que vous serez d'accord mais, vous dites que vous devez considérer...

**M. Marchand (Langelier):** Oui, si vous dites que l'économie entière est reliée, c'est bien; nous devons les considérer dans l'ensemble. C'est exactement ce que nous faisons, sans aucun doute; on ne pourrait agir autrement. Mais, j'avais cru comprendre que vous vouliez savoir si nous ne cherchions à avoir qu'une seule méthode pour toutes ces régions.

**M. MacDonald (Egmont):** Non.

**M. Marchand (Langelier):** Je suis parfaitement d'accord, tout est lié.

**M. MacDonald (Egmont):** Est-ce un cadre?

**M. Marchand (Langelier):** Oui.



[Texte]

**Mr. MacDonald (Egmont):** And because of that fact it would seem to me that many assumptions will have to be made so that this kind of program can work.

It is these various assumptions that concern me, because so far we have not really seen them delineated either in the bill setting up the department or in this particular bill. I

• 2100

think, for instance, of the vital support there must be for the difficult decisions you may have to make because of the wide latitude of departmental or ministerial discretion. There has to be some general understanding of what we are aiming at, and I think that requires some public awareness, public agreement and consent and, I would assume, also the involvement of the various provinces and, in some cases, of the major municipalities. I am wondering how this fits into the scheme of things?

**Mr. Marchand (Langelier):** As I said at the beginning, we intend to consult with the provinces, and we hope that we are going to share the same view about the development of each province or region. We already have contact and discussion with the provinces at the level of officials. I think it is not too bad and the results are very good. We see the problems in about exactly the same way. Those discussions will be a permanent teacher in the implementation of the law. We are not only paying lip service to the provinces. We think that we cannot be successful with that law if the provinces do not co-operate. Suppose that we co-operate too, and we take into account their point of view. How can you express that in the law? If we do not co-operate and if we are fooled like hell, of course, it will not work, but we have to assume that we are going to use common sense and really co-operate.

• 2100

It might not be a satisfactory answer but there is no substitute for common sense.

**Mr. MacDonald (Egmont):** Specifically, I am just wondering when the two million people at least who live in the four Atlantic Provinces and maybe the half a million people who live in Quebec will know what the priorities are, and even more important perhaps, will know when one administration or other, whether it is the province or the federal authority is not living up to its share of responsibility? It seems to me that so many things are being left in the dark there will

[Interprétation]

**M. MacDonald (Egmont):** À cause de cela, il semble que l'on devrait formuler un grand nombre d'hypothèses pour que ce genre de programme puisse être mis en application.

Ces hypothèses m'inquiètent parce que jusqu'à présent en fait nous ne les avons qu'esquisser dans le projet de loi du Ministère et dans ce bill. Par exemple, en ce qui

concerne les besoins primordiaux, il doit y avoir des décisions difficiles à prendre étant donné les pouvoirs discrétionnaires au niveau des ministères. Il doit y avoir une sorte de compréhension générale que nous désirons et pour se faire il doit y avoir une prise de conscience générale, un accord public et le consentement de tous et de plus la participation des provinces et, dans certains cas, des grandes municipalités. Je me demande comment cela peut s'intégrer dans un ensemble?

**M. Marchand (Langelier):** Comme je l'ai dit au début, nous avons l'intention de consulter les provinces et nous espérons que nous allons partager la même opinion quant à l'expansion de chacune de ces régions. Nous avons déjà eu des discussions avec les fonctionnaires provinciaux. Je crois que ce n'est pas si mal et les résultats sont assez bons. Nous voyons les problèmes à peu près de la même façon. Ces discussions seront une école permanente de la mise en œuvre de la loi. Nous ne voulons pas seulement rendre des hommages peu sincères aux provinces. Nous pensons que nous ne pouvons pas réussir avec cette loi si les provinces ne coopèrent pas. Et nous aussi, bien sûr, nous devons coopérer et tenir compte de leurs points de vue. Comment pouvez-vous exprimer cela dans la loi? Si nous ne coopérons pas et que nous tombons dans de mauvais draps, bien entendu, ça n'ira pas, mais nous devons supposer que nous ferons preuve de bon sens et que nous coopérerons.

Cette réponse n'est peut-être pas satisfaisante, mais il n'y a pas de substitut au bon sens.

**M. MacDonald (Egmont):** Précisément, je me demande si les 2 millions de personnes au moins qui vivent dans les quatre provinces atlantiques et le demi million peut-être qui vivent dans le Québec, vont savoir quelles sont les priorités et même, ce qui est peut-être plus important, quand une administration ou une autre, que ce soit l'autorité provinciale ou fédérale, ne rencontre pas à sa part de responsabilité? Il me semble que tant de choses sont laissées dans l'ombre qu'il n'y



[Text]

be really no way of knowing whether the program is operating on a rational basis or whether there is a degree of co-operation necessary to make it effective.

**Mr. Marchand (Langelier):** As far as the Atlantic Provinces are concerned, you know we have the Atlantic Development Council which is a representative council and you know how the members are nominated. Each government is consulted. I think we are going to get a good Board. I am the Chairman and I think there was unanimity from all the premiers. You know the political context, so I think we have not chosen a man who would not necessarily do what you would like him to do.

If there are abuses in that field I think we have to rely on that council to point out to the public that something is going wrong; the government is not doing what it should and so forth, the provinces or the federal government. So I think in that particular case you will have this body which is a representative body which will look at the whole thing and make reports. The majority of those men are surely in the position to resign if they do not agree with what we are doing. It will be discussed in the House and surely you will be the first one to underline what is going wrong.

**Mr. MacDonald (Egmont):** I would prefer to comment on that.

**The Chairman:** The bell is going to ring on me, Mr. MacDonald, and I will have to ring that bell on you pretty soon.

**Mr. MacDonald (Egmont):** I am very glad to hear you offer this amount of freedom to the Atlantic Development Council. It seemed to me by the legislation that it really was specifically tied purely as an advisory function to your office. If it has the freedom to make certain kinds of reports that are published, I for one would be very pleased to...

**Mr. Marchand (Langelier):** You know how those councils operate and you may be sure that if anything goes wrong, seriously wrong, it will be known. This is democracy and I accepted this from the start. I think that we have in that field a maximum guarantee, of course, and I do not see what we could have better than that, at this moment.

**The Chairman:** Gentlemen, I know you all want to question the Minister. There are seven of you that want to ask questions, and

[Interpretation]

aura pas moyen de réellement savoir si le programme fonctionne d'une façon rationnelle ou s'il y a le degré de coopération nécessaire pour le rendre efficace.

**M. Marchand (Langelier):** En ce qui concerne les provinces atlantiques, comme vous savez, nous avons le Conseil d'expansion économique de la région atlantique, qui est un conseil représentatif et vous savez comment ses membres sont désignés. Chaque gouvernement est consulté. Je pense que nous allons avoir un bon Conseil. J'en suis le président et je crois avoir l'unanimité de tous les premiers ministres. Vous connaissez le contexte politique, alors je crois que nous n'avons pas choisi un homme qui ne ferait pas nécessairement ce que vous voudriez qu'il fasse.

S'il y a des abus dans ce domaine, je crois qu'il nous faut nous fier à ce conseil pour souligner au public que quelque chose ne va pas; le gouvernement ne fait pas ce qu'il devrait faire et ainsi de suite, les provinces ou le gouvernement fédéral. Alors, je crois que, dans ce cas particulier, vous aurez cet organisme, qui est un organe représentatif qui examinera tout le problème et fera des rapports. La majorité de ces hommes sont certainement en mesure de démissionner s'ils ne sont pas d'accord avec ce que nous faisons. Cela sera discuté à la Chambre et vous serez certainement les premiers à souligner ce qui ne va pas.

**M. MacDonald (Egmont):** J'aimerais faire des commentaires à ce sujet.

**Le président:** On va bientôt me donner la cloche, monsieur Macdonald, et je vais être forcé de vous la donner bientôt.

**M. MacDonald (Egmont):** Il me fait grand plaisir de vous entendre offrir autant de liberté au Conseil d'expansion économique de la région atlantique. Il me semble que, de par la loi, il a été lié réellement et spécifiquement à votre bureau, sûrement à titre consultatif. S'il est libre de faire certains genres de rapports qui seront publiés, moi, entre autres, serais très heureux de...

**M. Marchand (Langelier):** Vous savez comment ces conseils fonctionnent et vous pouvez être sûr que si quelque chose va mal, vraiment mal, on le saura. C'est la démocratie et je l'ai accepté dès le début. Je crois que nous avons le maximum de garanties possibles dans ce domaine et je ne vois vraiment pas qu'est-ce que nous pourrions avoir de plus, à cette date.

**Le président:** Messieurs, je sais que vous voulez tous poser des questions au ministre. Sept d'entre vous ont demandé à poser des

[Texte]

as I said, the bells are going to ring, so that I ask you please to use your sense of fairness and keep your questions to a minimum so that everybody gets a chance. I have never limited question periods; I just ask for your co-operation.

• 2104

**M. Cyr:** Merci, monsieur le président. Chez nous, nous avons vécu l'expérience du Bureau d'aménagement de l'est du Québec depuis 1963. Depuis le 26 mai 1968, avec la signature de l'entente de coopération sur la réalisation du plan de développement de l'est du Québec, du bas Saint-Laurent et de la Gaspésie, nous nous posons ces questions: en quelle année viendront les réalisations et pour quand? Le public se demande si les études et les analyses entreprises depuis 1963 sont pour l'immédiat, pour ce siècle au moins, ou bien pour un monde futur.

Monsieur le ministre, dans votre exposé du 6 juin à la Chambre, vous vous êtes aussi posé des questions, dont une est celle-ci:

comment éviter tout abus qui peuvent s'infiltrer dans l'administration d'un programme souple? Il y a deux moyens: l'organisation interne et un examen minutieux et public. Avec une bonne régie interne, tous les cas sont traités méthodiquement et les difficiles sont examinés par assez de fonctionnaires pour empêcher les préventions personnelles d'influencer sur la décision finale.

Monsieur le ministre, est-ce que vous pourriez informer et assurer le Comité que des directives seront données à cette régie interne, afin que l'on évite la formation de comités par-dessus comités; que l'on procède à des études par-dessus études, à des analyses par-dessus analyses, et pour que des décisions définitives soient prises assez rapidement? Il ne faudrait pas que les industriels, qui ont vraiment l'intention et qui veulent investir de l'argent dans des régions désignées, perdent confiance en cette loi et mettent leurs projets de côté, après avoir attendu des mois et des mois.

**M. Marchand (Langelier):** Ce n'est pas notre intention de multiplier les comités, mais c'est l'intention d'avoir assez de personnes pour scruter ces projets, de façon, justement, à éviter les abus. Quand on dit qu'on veut donner des subventions qui vont jusqu'à douze millions de dollars, vous savez que cela est beaucoup d'argent. Vous savez également quelle influence cela peut exercer à gauche et à droite. Il est normal que dans notre structure, comme je l'ai dit à la Chambre, il ne

[Interprétation]

questions et, comme je l'ai dit, la cloche va sonner. Par conséquent, je vous demanderai de limiter vos questions, pour que tous aient la chance. Je n'ai jamais limité les périodes de questions; je ne demande que votre collaboration.

**Mr. Cyr:** Thank you, Mr. Chairman. We have lived through the experience of the Eastern Quebec Development Board since 1963. Since May 26, 1968, when the agreement for the co-operation regarding the implementation of the Eastern Quebec, Gaspé and Lower St. Lawrence Development plan was signed, we have been asking ourselves the following questions: when will all this be achieved? The public is wondering whether the studies and analyses carried out since 1963 will be published shortly during this century or perhaps in some future world.

Mr. Minister, in your statement to the House of June 6, you also raised questions, one of which is the following:

how do we guard against any abuses which might creep into the administration of a flexible program? There are two kinds of safeguard. One is internal organization, and the other is public scrutiny. Good internal organization ensures that all cases are handled systematically and that difficult cases are reviewed by enough officers to ensure that individual biases are very unlikely to prejudice the final decision.

Mr. Minister, could you assure the Committee that directives will be given to this internal organization, so that we might avoid the setting up of committee after committee, the carrying out of survey after survey, analysis after analysis, and that definite decisions will be taken fairly quickly? We should see to it that industrialists who really want to invest in designated regions, do not lose confidence in this bill and do not put their projects aside after having waited for months.

**Mr. Marchand (Langelier):** We have no intention of multiplying committees, but we do intend having enough people to scrutinize these projects in order, precisely, to avoid abuses. When you say that you want to give grants up to \$12 million, that is a lot of money, and you also know what influence this can exert here or there. It is normal that within our structure—I mentioned this in the House—there will never be a question of a decision being taken by one person on an



## [Text]

sera jamais question que quelqu'un décide seul d'une requête, par exemple, pour des subventions en vertu du bill C-202. Il y aura deux autres personnes ensuite qui regarderont et, ensuite, il y aura le sous-ministre et ensuite, il y aura le ministre. Cela peut prendre un certain temps. Mais, je pense que la Chambre des communes n'accepterait pas qu'une personne, seule dans un coin ou dans un bureau, décide d'octroyer cinq, huit ou dix millions à une entreprise, sans que le projet ait été scruté à fond, non seulement par une personne, mais par plusieurs.

On n'a pas l'intention de créer des comités et avoir des délais inutiles, mais on veut qu'il y ait le maximum de garanties dans l'impartialité de la décision. La seule façon, c'est d'avoir un certain nombre de personnes qui s'y mettent. Quand vous avez plusieurs personnes, les possibilités d'erreur ou de corruption sont moins grandes. On peut toujours supposer que, dans un gouvernement, il y a une personne qui est achetée; mais, c'est difficile d'en acheter dix en ligne, car, à un moment donné, on en frappe une qui est honnête.

**M. Cyr:** Plus loin, vous dites que vous n'allez intervenir que très rarement, avant qu'un rapport final vous soit présenté. Vous savez comment les députés des régions rurales surtout sont toujours suppliés d'intervenir dans certains processus gouvernementaux. Je crois, monsieur le ministre, que tous les députés, ici, n'ont vraiment pas l'intention de pousser votre ministère, pour qu'une décision soit rendue plus rapidement que le veut le processus qui sera établi. Mais, il peut y avoir un danger si on prend des mois et des mois. C'est alors que les industriels eux-mêmes vont peut-être approcher les députés ou les maires des municipalités qui, eux, auront été mis au courant d'une certaine possibilité d'industrie. Les industriels diront alors aux maires: «On ne peut pas; nous n'avons pas encore reçu de directives.» Je crois, monsieur le ministre, que si la régie interne et toute l'organisation de votre ministère pouvaient éviter ces délais, vous auriez le moins d'interventions possible des députés.

**M. Marchand (Langelier):** C'est ce qu'on va essayer de faire.

**The Chairman:** Fine. Mr. Carter.

**Mr. Carter:** Mr. Chairman, Mr. Minister, I think on Friday the Minister mentioned that this program would exclude certain kinds of initial processing operations. I am wondering if the Minister can tell the Committee, Mr. Chairman, if this applies to, say, the fishing industry or the tourist industry?

## [Interpretation]

application for a grant by virtue of Bill C-202. There will then be two other persons to examine this, then the Deputy Minister, and then the Minister. So this may take a certain amount of time. But I do not believe that the House of Commons would not accept it if only one person, hidden somewhere all alone in an office, would decide to grant \$5, \$8 or \$10 million to an enterprise without the project having been thoroughly examined, not just by one person, but by several.

We do not intend setting up all sorts of committees and having useless delays, but we want the decisions to be taken with a maximum guarantee as to impartiality, and the only way to do it is to have a number of persons look into the problems. When you have a number of persons, you run less risk of having errors and corruption. There is always the possibility that one person in government can be bought, but it is difficult to buy ten persons in a row, because you end up by hitting an honest one.

**Mr. Cyr:** Further on you say that you want to interfere but very rarely before a final report is submitted to you. You know how Members from rural areas particularly are always begged to intervene in certain governmental processes, and I believe, Mr. Minister, that all the MP's here have no intention really of forcing your Department to reach a decision more rapidly than is required by the established process. But a danger may arise if it takes months and months. The industrialists might then contact either the Members or the mayors of the municipalities who have been made aware of possibilities of an industry setting up. The industrialists will then tell the mayors that they cannot go ahead because they have not received any directives yet. I believe, Mr. Minister, that if the internal organization and the overall organization of your Department could avoid such delays, you will have the least possible interference from Members.

**Mr. Marchand (Langelier):** That is what we are going to try to do.

**Le président:** M. Carter.

**M. Carter:** Je pense que vendredi, le ministre a mentionné que ce programme exclurait certaines opérations primaires. Est-ce que le ministre pourrait dire au Comité si ceci s'applique à l'industrie du tourisme, par exemple, ou des pêches.



[Texte]

**Mr. Marchand (Langelier):** In my mind it does not apply to the fish-processing industry. I think that it is covered.

**Mr. Carter:** So processing of all fish would be included in this program. What about the tourist industry?

**Mr. Marchand (Langelier):** No, it is not covered, but it might be covered under the law establishing the Department. This is an industrial incentive law, and I think that under the Act establishing or creating the Department we can make an agreement with the provinces in order to develop tourism in certain regions where it is the main wealth.

**Mr. Carter:** This is the point I was trying to make, Mr. Chairman.

**Mr. Marchand (Langelier):** It can be done, but not under this law.

**Mr. Carter:** I see. Mr. Chairman, could the Minister tell us for instance, with reference to the fishing plant being established in the remote part, we will say, of Nova Scotia or Newfoundland, would there be provision under this proposed Act to provide money with which to build a road to that resource, similar to the old Roads to Resources Program that was in operation until recently, I believe?

**Mr. Marchand (Langelier):** This is the same answer. Not under the Regional Development Incentives Act, but under the Act establishing the Department we can sign agreements with the provinces in order to put up the necessary infrastructures in the community. Infrastructures include roads, sewage, sometimes schools or houses, and everything which is necessary to promote industrial development. We can do it, not under this law, but under the general law of the Department.

**Mr. Marshall:** A supplementary, Mr. Chairman. Under Clause 6 (b) it states:

(b) the probable cost to provincial, municipal or other public authorities of providing services or utilities required for or in connection with the facility;

Does this not contradict your answer, Mr. Marchand?

**Mr. Marchand (Langelier):** Excuse me, what are you reading from?

**Mr. Marshall:** Clause 6(b) on page 5, Mr. Minister.

[Interprétation]

**M. Marchand (Langelier):** A mon avis, cela ne s'applique pas à l'industrie de transformation du poissons. Elle est incluse.

**M. Carter:** Cela comprend l'industrie globale du poisson, mais que dire de l'industrie du tourisme?

**M. Marchand (Langelier):** Non, ce n'est pas couvert, mais pourrait l'être dans le cadre de la loi établissant le ministère. Il s'agit ici d'encouragement au développement industriel. Dans le cadre de la loi établissant le ministère, nous pouvons faire un accord avec les provinces pour développer le tourisme dans certaines régions, où cela est la richesse principale.

**M. Carter:** C'est ce que je voulais dire.

**M. Marchand (Langelier):** Cela peut être fait, mais pas dans le cadre de ce projet de loi particulier.

**M. Carter:** Je vois. Est-ce que le ministre pourrait me dire si, dans le cas d'une usine de traitement du poisson établie dans une région éloignée, à Terre-Neuve, par exemple, ou en Nouvelle-Écosse, il y aurait la possibilité de fournir des fonds pour construire des routes pour conduire à ces endroits?

**M. Marchand (Langelier):** Même réponse: pas dans le cadre de la *Loi sur les subventions au développement régional* mais dans le cadre de la loi établissant le ministère, nous pouvons signer des accords avec les provinces pour établir l'infrastructure nécessaire dans une collectivité. L'infrastructure comprend les routes, les égouts, parfois des écoles et le logement, tout ce qui est nécessaire à encourager le développement industriel. Nous ne pouvons pas le faire dans le cadre de cette loi, mais dans la loi établissant le ministère.

**M. Marshall:** Question supplémentaire, monsieur le président. A l'alinéa (B) de l'article 6, il est dit:

«le coût probable, pour les autorités provinciales, municipales ou autres autorités publiques, de la fourniture de services municipaux ou autres nécessaires à l'établissement ou du fait de celui-ci;»

Est-ce que ceci ne contredit pas ce que vous avez dit?

**M. Marchand (Langelier):** Que lisez-vous?

**M. Marshall:** A la page 5, l'article 6 (b), monsieur Marchand.

[Text]

**Mr. Marchand (Langelier):** The sixth paragraph?

**Mr. Marshall:** Clause 6 (b).

**Mr. Marchand (Langelier):** Clause 6 (b).

**Mr. Marshall:** Does this not apply where public services are needed towards the development of an industry under this proposed Act?

**Mr. Marchand (Langelier):**

...the Minister shall take into consideration the following factors:...

(b) the probable cost to provincial, municipal or other public authorities of providing services or utilities required for or in connection with the facility;

Yes.

**Mr. Marshall:** This applies under the proposed Act?

**Mr. Marchand (Langlier):** Yes.

**Mr. Marshall:** You said it did not.

**Mr. Marchand (Langelier):** Of course, it may cost the province something. We never said there that we were going to pay for everything.

**Mr. Carter:** Another thing which could be important in some provinces and which I do not think is included in this proposed Act is, for instance, a saw mill operation or a logging operation. Would assistance to these industries come under the general terms of this new Bill now. The initiative must be

• 2015

taken. For instance, when an area is being set up as a designated area the initiative must be taken, I presume, by the provincial government. Am I right in saying that?

**Mr. Marchand (Langelier):** No, you are not right.

**Mr. Carter:** Your Department will designate an area...

**Mr. Marchand (Langlier):** We can accept the initiative of the provincial government. They can come up to us and say that they have a problem and here is the plan they have, and we may agree. However, we can take the initiative; we do not have to wait. Under ARDA we are bound to the proposal made by the provinces. We cannot on our own, say, implement an ARDA plan, but on this we can.

[Interpretation]

**M. Marchand (Langelier):** Un sixième paragraphe?

**M. Marshall:** Article 6(b).

**M. Marchand (Langelier):** Article 6(b).

**M. Marshall:** Est-ce que ceci ne s'applique pas pour les services nécessaires à l'industrie selon cette loi?

**M. Marchand (Langelier):**

«...le Ministre doit prendre en considération les facteurs suivants:

b) le coût probable, pour les autorités provinciales, municipales ou autres autorités publiques, de la fourniture de services municipaux ou autres nécessaires à l'établissement ou du fait de celui-ci;»

Alors, ceci s'applique.

**M. Marshall:** Cela s'applique?

**M. Marchand (Langelier):** Oui.

**M. Marshall:** Vous disiez que non.

**M. Marchand (Langelier):** Les provinces auront quelque chose à payer.

**M. Carter:** Il y a autre chose qui est important pour les provinces et qui ne figure pas dans cette loi. Les exploitations de bois, par exemple: est-ce que cela tomberait dans le cadre de cette nouvelle loi? L'initiative doit être prise. Par exemple, lorsqu'on établit une région désignée, l'initiative doit-elle être prise

par le gouvernement provincial?

**M. Marchand (Langelier):** Non, vous n'avez pas raison.

**M. Carter:** Votre ministère désigne une région...

**M. Marchand (Langelier):** Nous pouvons accepter l'initiative du gouvernement provincial. Les provinces nous exposent le problème et proposent un programme, ensuite nous nous l'approuvons. Nous pouvons aussi prendre l'initiative, nous ne devons pas nécessairement attendre. Dans le cadre de l'ARDA, nous sommes liés aux propositions faites par les provinces. Nous ne pourrions pas, de notre propre gré, mettre à exécution un plan ARDA; mais, ici, oui.



[Texte]

**Mr. Carter:** Thank you, Mr. Chairman, that is all.

**Mr. Marshall:** Mr. Minister, in line with Mr. Carter's questioning on the development of an industry, I have to refer specifically to the western part of Newfoundland. There is a vast area where there are timber resources but it is very obvious that the firms outside of the province will not go into Newfoundland when they can go to Ontario or British Columbia. Is there anything in the proposed Act to support and to induce a firm like Bowaters who are experienced and are world-wide in the pulp and paper industry to spread their wings and create secondary industry to develop employment, even though the proposed Act says that any firm that is affluent or is prosperous enough will not get help under the proposed act?

**Mr. Marchand (Langelier):** We can do it, yes.

**Mr. Marshall:** So if somebody were to ask Bowaters if they would help the cause under this proposed Act, they could get grants from the government due to the fact that we probably cannot interest outside industry coming in?

**Mr. Marchand (Langelier):** We can do it, yes.

**Mr. Marshall:** That is all I had.

**The Chairman:** Mr. McGrath.

**Mr. McGrath:** Mr. Chairman, at the risk of breaking the continuity of our examination of the Minister, I would just like to express regret that the Committee is unable to live up to its schedule and visit the Atlantic provinces and more particularly visit Newfoundland on June 16, next Monday. As we had scheduled we were planning to go to Bell Island, which is in my view the epitome of the disadvantaged people of the Atlantic provinces. I regret that we cannot keep up to that schedule and go to Bell Island on June 16, and I hope that perhaps you may be able to respond to this very brief statement of mine and suggest that we can get to Bell Island early in the next session or perhaps during the recess.

**The Chairman:** Mr. McGrath, I think the Committee shares your regret and I have already written to some of the people who went out of their way to prepare for us in Bell Island expressing our regret and certainly holding out to them the hope that as soon as we have an opportunity—and I am now thinking of the fall—we will visit Newfoundland along with the other Maritime provinces.

[Interprétation]

**M. Carter:** Merci, monsieur le président.

**M. Marshall:** Monsieur le ministre, à la suite des questions de monsieur Carter, concernant le développement de l'industrie, je voudrais me parler particulièrement à l'ouest de Terre-Neuve. Il y a des régions très grandes qui ont des ressources de bois. Il est évident que des exploitants de l'extérieur de la province ne voudraient pas s'installer à Terre-Neuve, quand ils peuvent se rendre en Ontario ou en Colombie-Britannique. Est-ce qu'il y a quelque chose dans la loi pour aider une entreprise comme la Bowaters dont l'expérience dans l'industrie de la pâte de papier est très connue à créer des industries secondaires et développer l'emploi, même si la loi dit que toutes celles qui sont suffisamment prospères ne recevront pas d'aide?

**M. Marchand (Langelier):** Oui, nous pouvons le faire.

**M. Marshall:** Alors si on demandait à la Bowaters d'aider, dans le cadre de cette loi, elle pourrait obtenir des subventions du gouvernement, étant donné que nous ne pouvons pas avoir des entreprises de l'extérieur.

**M. Marchand (Langelier):** Oui, nous pouvons le faire.

**M. Marshall:** C'est tout.

**Le président:** Monsieur McGrath.

**M. McGrath:** Monsieur le président, au risque de briser la continuité de notre examen, je voudrais exprimer mon regret du fait que le Comité n'est pas en mesure de respecter son horaire et de faire une tournée dans les Maritimes et à Terre-Neuve. Nous devions, le 16 de ce mois, nous rendre à l'île Bell, qui est peut-être l'exemple typique d'une collectivité dans le marasme dans toutes les provinces de l'Atlantique. Je regrette que nous ne puissions nous en tenir à cet horaire. Peut-être que vous pourriez répondre à cette déclaration et dire que l'on pourra se rendre à l'île Bell lors de l'ajournement ou au début de la prochaine session.

**Le président:** Monsieur McGrath, je suis sûr que tout le monde partage votre regret. J'ai déjà écrit à tous ceux qui se sont préparés pour nous recevoir à l'île Bell. J'ai exprimé notre regret et j'espère que dès que nous en aurons la possibilité—je pense à l'automne—nous visiterons Terre-Neuve, ainsi que les autres provinces Maritimes.



[Text]

**Mr. McGrath:** Mr. Chairman, just for the record, perhaps you might state why we are not going at this time. It is obvious to me, but it may not be obvious to people who...

**The Chairman:** For the record, very simply, there are 5,400 people on Bell Island...

**Mr. McGrath:** There are 6,500 people.

**The Chairman:** There are 6,500—thank you, for the correction—who are suffering and there are also many other people in every province in the country who are suffering to a greater or lesser degree. I think we must be more than parochial today and we are now looking at a national problem, always keeping in mind that we must get to Bell Island just as soon as we can.

Again, Mr. McGrath, we are running short of time. We will talk about this at length, but the Minister is here for the Committee and yourself, of course.

**Mr. McGrath:** Mr. Chairman, I do hope that when we do get around to making our next visit we will have terms of reference from Parliament which will indicate to us just exactly what we are to do, what we are to see, and what we are to report to Parliament.

**The Chairman:** This has been discussed in the steering committee.

**Mr. McGrath:** Mr. Chairman, through you to the Minister, there are a number of things about this Bill which bother me and as we get into the clause by clause study of the bill, as

• 2120

most members of the Committee, I will have questions on the various clauses. Perhaps in a general nature I would like to ask the Minister to explain to me how he can reconcile this legislation which presumably is designed to replace all of the legislation now on the statute books or the various regional plans on the statute books such as ADA and FRED and ARDA?

**Mr. Marchand (Langelier):** Not ARDA.

**Mr. McGrath:** I beg your pardon, not ARDA, all right.

**Mr. Marchand (Langelier):** Nor FRED; FRED is still there.

**Mr. McGrath:** As far as Newfoundland is concerned...

**Mr. Marchand (Langelier):** That is in the Act establishing the Department. It is exactly the same thing.

[Interpretation]

**M. McGrath:** Peut-être que vous pourriez dire, pour le procès-verbal, pourquoi nous ne pouvons pas nous rendre à la date prévue. C'est évident, mais pas pour tous...

**Le président:** Donc, pour le procès-verbal, il y a 5,400 personnes à l'île Bell.

**M. McGrath:** 6,500 âmes.

**Le président:** Il y a à l'île Bell 6,500 personnes qui souffrent; et il y a aussi beaucoup d'autres personnes, dans chaque province du pays, qui souffrent plus ou moins. Je crois qu'il ne faut pas avoir l'esprit de clocher. Il faut examiner nos propres problèmes nationaux, mais garder à l'esprit que nous devons nous rendre à l'île Bell le plus tôt possible. Encore une fois, le temps passe, monsieur McGrath. Nous reparlerons de cela plus longuement, mais ce soir, le ministre est avec nous.

**M. McGrath:** Monsieur le président, j'espère que lorsque nous ferons notre prochaine tournée, nous aurons un mandat du parlement qui nous dira exactement ce que nous devons faire et qu'est-ce que nous devons voir, et ce sur quoi nous devons faire rapport.

**Le président:** Ceci a été discuté au comité directeur.

**M. McGrath:** Monsieur le président, par votre entremise, je pose une question au ministre. Un certain nombre de choses concernant ce Bill me préoccupent. Au fur et à

mesure que nous étudions le bill, article par article, comme la plupart des députés, j'aurais certainement des questions à poser sur les différents articles: En général, j'aimerais demander au ministre d'expliquer comment il peut faire correspondre cette loi qui, en principe, doit remplacer toutes les mesures législatives déjà adoptées, à tous les plans régionaux, tels que la ADR, ARDA et FODER.

**M. Marchand (Langelier):** Non, pas l'ARDA.

**M. McGrath:** Excusez-moi, par l'ARDA.

**M. Marchand (Langelier):** FODER existe toujours.

**M. McGrath:** En ce qui concerne Terre-Neuve...

**M. Marchand (Langelier):** C'est dans la loi-cadre du ministère. C'est la même chose.

[Texte]

**Mr. McGrath:** As far as my province is concerned, Mr. Chairman, FRED is dead; poor FRED is dead. The Minister said on May 27 in a press release, and I quote:

... we expect to designate most of eastern Canada, including a large part of Quebec as well as the Atlantic Provinces, and considerable parts of the other five provinces are also likely to be included.

This bothers me, Mr. Chairman, because it would seem to me that the Minister is setting himself up as a twentieth century Louis XIV or as the regional economic czar of Canada because what he is doing, in effect, is including all of Canada with perhaps the exception of certain parts of Alberta, certain parts, perhaps, of British Columbia, and certain parts of Ontario.

How can the Minister reconcile this new legislation with the specific measures that we now have to deal with specific problems? As he has already indicated earlier in the hearings tonight the problems of Newfoundland are quite unique and quite different from the problems facing Prince Edward Island, or facing Nova Scotia, or facing the Gaspé region of Quebec, or facing northern Ontario. Yet he has applied this general application to the whole regional economic problem facing Canada.

This to me would indicate that the areas that are suffering the most and the problems that are deserving the most consideration would perhaps be left behind in this general application that he has under this legislation.

**Mr. Marchand (Langelier):** This is contrary to the facts, that is all. It is just the opposite of what we intend to do. If you think that I do not know how I can convince you at this stage. You speak of a czar because I have indicated that the eastern part of Canada will be designated. Everybody knows that in Canada when we are speaking of slow-growth regions we are speaking of the Maritimes and Eastern Quebec. This is the most obvious part. I have not discovered anything in saying that.

**Mr. McGrath:** You said the other five provinces as well.

**Mr. Marchand (Langelier):** I said parts of the other provinces. Why do you assume that the majority or the larger portions of those provinces will be designated?

**Mr. McGrath:** I am not assuming anything. I am just going by what you said on May 27.

[Interprétation]

**M. McGrath:** En ce qui concerne ma province, FODER est disparu. Pauvre FODER n'est plus. Le ministre a dit, le 27 mai, dans un communiqué de presse, que:

... « nous avons l'intention de désigner la plus grande partie de l'Est du Canada, y compris une grande partie du Québec et des provinces de l'Atlantique et une grande partie des cinq autres provinces seront probablement comprises. »

Cela me préoccupe, monsieur le président, parce qu'il me semble que le ministre se dresse en Louis XIV du vingtième siècle ou en tsar de l'expansion économique régionale du Canada, parce qu'en fait, il inclut tout le Canada, à l'exception de certaines parties de l'Alberta, de la Colombie-Britannique et de l'Ontario.

Comment le ministre peut-il concilier cette nouvelle mesure législative avec les mesures précises que nous avons pour traiter de problèmes précis. Comme il l'a déjà indiqué auparavant, au cours des audiences, les problèmes de Terre-Neuve sont assez différents de ceux de l'Île-du-Prince-Édouard, de la Nouvelle-Écosse, de la région de Gaspé au Québec ou du Nord de l'Ontario. Il a appliqué ce principe général au problème économique régional du Canada.

Cela me semble indiquer que les régions qui souffrent le plus et qui ont besoin d'une plus grande attention seront peut-être laissées de côté dans l'application générale qui relève de cette mesure législative.

**M. Marchand (Langelier):** C'est le contraire des faits, c'est tout. C'est exactement l'opposé de ce que nous avons l'intention de faire. Si vous pensez que je ne sais pas comment je puis vous convaincre. Vous parlez d'un star, parce que j'ai indiqué que l'Est du Canada sera désigné. Tout le monde le sait au Canada. Lorsque l'on parle de régions de faible croissance il s'agit des Maritimes et de l'Est du Québec. C'est la partie la plus évidente. Je n'ai rien découvert en le disant.

**M. McGrath:** Vous avez parlé des cinq autres provinces aussi.

**M. Marchand (Langelier):** J'ai dit quelques parties des autres provinces. Pourquoi croyez-vous qu'une très grande partie de ces provinces sera désignée?

**M. McGrath:** Je ne prétend rien du tout. Je ne fais que me fier à ce que vous avez dit le 27 mai.



[Text]

**Mr. Marchand (Langelier):** Yes, and I said parts of the other provinces because they have problems, too. Everybody knows that they have problems in Manitoba, they have problems in Northern Ontario, they have problems in Northern Alberta. Everybody knows that.

**Mr. McGrath:** They have problems in Toronto too and problems in Montreal. The rural poor of the country is a well known fact. Why not take in the whole country?

**Mr. Marchand (Langelier):** I am speaking of regional problems, not of poverty problems in Montreal and Toronto. This is something different and this is out of my jurisdiction.

**Mr. McGrath:** If you are going to take in the whole country, explain to us the difference.

**Mr. Marchand (Langelier):** I tell you that we do not take in the whole country, that is all.

**Mr. McGrath:** You say in your statement of May 27 that you are taking in the whole country.

**Mr. Marchand (Langelier):** No, I did not say that.

**Mr. McGrath:** I will repeat your statement, Mr. Minister:

... we expect to designate most of eastern Canada, including a large part of Quebec as well as the Atlantic Provinces, and considerable parts of the other five provinces are also like to be included.

These are your words. How can I as a member from one of the disadvantaged areas of the Atlantic Provinces look to this legislation as my great hope when you talk about taking in the whole country.

**Mr. Marchand (Langelier):** I never said that we were going to take in the whole country. I said that we were going to take in the regions in those western provinces which are as underdeveloped as the Maritimes.

• 2125

**Mr. McGrath:** I quarrel with that statement, Mr. Chairman.

**Mr. Marchand (Langelier):** Yes, all right, I will show you.

**Mr. McGrath:** Have you been to all of the disadvantaged regions of the Atlantic Provinces?

[Interpretation]

**M. Marchand (Langelier):** J'ai dit des parties des autres provinces, parce qu'elles ont aussi des problèmes. Tout le monde sait qu'ils ont des problèmes au Manitoba, au nord de l'Ontario, au nord de l'Alberta. Tout le monde le sait.

**M. McGrath:** Il y a des problèmes à Toronto et à Montréal. Le pauvre dans les régions rurales est une chose bien connue. Pourquoi ne pas s'occuper de tout le pays.

**M. Marchand (Langelier):** Je parle des problèmes régionaux et non pas des problèmes de pauvreté à Montréal ou à Toronto. C'est tout à fait différent et cela ne relève pas de ma juridiction.

**M. McGrath:** Si vous vous attaquez à tout le Canada, expliquez-nous la différence.

**M. Marchand (Langelier):** Je vous dis qu'on ne le prend pas dans tout le pays, c'est tout.

**M. McGrath:** Vous dites dans votre déclaration du 27 mai que vous considérez tout le pays.

**M. Marchand (Langelier):** Je n'ai pas dit cela.

**M. McGrath:** Je vais répéter votre déclaration. Monsieur le ministre:

Nous avons l'intention de désigner la plus grande partie de l'Est du Canada, y compris une grande partie du Québec, et des provinces de l'Atlantique et une grande partie des cinq autres provinces seront probablement comprises.

C'est ce que vous avez dit.

Comment, en tant que député de l'une des régions désavantagées des Maritimes, puis-je voir en cette loi un grand espoir quand vous parlez de vous occuper de tout le pays.

**M. Marchand (Langelier):** Je n'ai jamais dit que nous allions prendre tout le pays. J'ai dit que nous allions prendre les régions de l'Ouest qui sont aussi sous-développées que les Maritimes.

**M. McGrath:** Je conteste cette déclaration, monsieur le président.

**M. Marchand (Langelier):** Oui, très bien. Je vous le montrerai.

**M. McGrath:** Etes-vous allé dans toutes les régions défavorisées des provinces de l'Atlantique?



[Texte]

**Mr. Marchand (Langelier):** Most of them, yes, and I have been in some regions in Northern Ontario and even in Northern Alberta and Northern Saskatchewan which are quite disadvantaged too. You have some Indian communities. Go in there and compare that with what is going on in the Maritimes.

**Mr. McGrath:** Mr. Chairman, I agree with the Minister when he talks about the Indian communities of this country because they are the real disadvantaged people, but that is a historical thing.

**Mr. Marchand (Langelier):** Even if it is historical, it is a fact—it is more a fact because it is historical.

**Mr. McGrath:** Mr. Chairman, I am glad the Minister and the members of the Committee find this very amusing because I do not. I do not find it very amusing at all, because this legislation which we are considering tonight in my opinion is going to be a retrogressive step, in that it gives the Minister the power of discretion and it gives him this power of discretion in practically the whole of the country. It does not really take into account the real disadvantaged areas of the country.

**Mr. Marchand (Langelier):** You can express fears or doubts but you cannot state firmly that the legislation in itself places the Maritime Provinces in a bad position, because it is contrary to the fact and it will be contrary to the policies we are going to elaborate. You will have to study in a very short while what we are preparing and you will see how wrong you are. That is all.

**Mr. McGrath:** Mr. Chairman, I hope I am wrong.

**Mr. Marchand (Langelier):** Yes, you are.

**Mr. McGrath:** I hope I am wrong and I hope the Minister is right for the sake of the people that I represent. I am going to quote the Minister again and he talks about Clause 7(1)(a):

“Initial processing operations that are very directly related to the source of raw materials”, because they would locate in proximity to the raw material source without a grant.

Mr. Chairman, what does this mean?

**Mr. Marchand (Langelier):** This means what it says.

**Mr. McGrath:** You tell us what it means.

[Interprétation]

**M. Marchand (Langelier):** Dans la plupart d'entre-elles. Dans certaines régions du Nord de l'Ontario et même du Nord de l'Alberta et de la Saskatchewan qui sont aussi très désavantagées. Il y a certaines communautés indiennes. Allez-y voir et comparez cela avec ce qui se passe dans les Maritimes.

**M. McGrath:** Je suis d'accord avec le ministre quand il parle des communautés indiennes du pays parce que les personnes vraiment désavantagées, mais c'est un problème historique.

**M. Marchand (Langelier):** Même si c'est historique, c'est un fait. C'est plus factuel parce que c'est historique.

**M. McGrath:** Monsieur le président, je suis heureux que le ministre et certains députés trouvent cela amusant parce que moi, je ne suis pas de cet avis, parce que la mesure législative que nous sommes en train d'étudier, à mon avis, sera rétrograde. Cela donne au ministre un pouvoir discrétionnaire et cela pratiquement pour l'ensemble du pays. Cela ne tient pas vraiment compte des régions défavorisées au pays.

**M. Marchand (Langelier):** Vous pouvez exprimer des craintes ou des doutes, mais vous ne pouvez pas dire fermement que la présente mesure législative place les Maritimes dans une mauvaise position, parce que c'est contraire aux faits et cela sera contraire aux lignes de conduite que nous allons élaborer. Vous devrez étudier bienôt ce que nous préparons et vous verrez comme vous vous trompez.

**M. McGrath:** J'espère me tromper.

**M. Marchand (Langelier):** Oui, vous avez tort.

**M. McGrath:** J'espère que je me trompe et que le ministre a raison pour le bien de mes électeurs. Au sujet de l'alinéa a) du paragraphe (1) de l'article 7, le ministre a encore dit que «les opérations de traitement initial qui est directement relié à la source des matières premières parce qu'elles se situeraient à proximité de la source de matière première sans subvention». Qu'est-ce que cela veut dire, monsieur le président?

**M. Marchand (Langelier):** Cela veut dire ce que cela veut dire.

**M. McGrath:** Vous nous dites ce que cela veut dire.

[Text]

**Mr. Marchand (Langelier):** The primary industries, the resource base industries, and initial processing industries will be excluded from the industrial Research and Development Incentives Act. This is what it means.

**Mr. McGrath:** What if I wanted to establish a fish plant in Newfoundland?

**Mr. Marchand (Langelier):** You will be entitled to the incentives.

**Mr. McGrath:** I will be entitled to incentives?

**Mr. Marchand (Langelier):** Yes.

**Mr. McGrath:** If I wanted to establish a pulp and paper mill in Newfoundland?

**Mr. Marchand (Langelier):** This will have to be studied and we can decide under the Act establishing the department whether or not this plan will receive grants.

**Mr. McGrath:** You are prepared to say that a fish plant will come under your definition?

**Mr. Marchand (Langelier):** Yes, I am prepared to say that. A fish-processing plant will be under this.

**Mr. McGrath:** I will go just a little bit further, Mr. Chairman. What about any kind of a plant that is to establish in an area like the province of Newfoundland, being an island, or the province of Prince Edward Island being an island? Obviously any industry that is to establish there is under a great disadvantage and it would not establish there without incentives.

**Mr. Marchand (Langelier):** If you are asking whether any industry which asks to go to Newfoundland should receive the grant, the answer is, no.

**Mr. McGrath:** I know of no industry that would establish in Newfoundland without incentives.

**Mr. Marchand (Langelier):** Maybe it would be wise at one moment to refuse a grant.

**Mr. McGrath:** Perhaps you might want to enlarge on that. Come on, go ahead. If you have a joke let us all in on it.

**Mr. Marchand (Langelier):** All right, I will tell you the joke. It may not qualify if it produces red herring.

**Mr. McGrath:** Mr. Chairman, I submit to you that this legislation is the biggest red herring that has come before this Parliament.

[Interpretation]

**M. Marchand (Langelier):** Les industries primaires, de ressources de base et de traitement initial seront exclues de la Loi sur les subventions au développement régional.

**M. McGrath:** Et si je voulais installer une usine de poisson à Terre-Neuve?

**M. Marchand (Langelier):** Vous aurez droit aux subventions.

**M. McGrath:** J'y aurai droit?

**M. Marchand (Langelier):** Oui.

**M. McGrath:** Si je voulais installer un moulin à papier à Terre-Neuve?

**M. Marchand (Langelier):** Cela devrait être examiné. Nous pouvions décider en vertu de la Loi créant le ministère si cette classe se verra accorder des subventions.

**M. McGrath:** Vous êtes prêt à dire qu'une usine de poisson tombera sous le coup de votre définition?

**M. Marchand (Langelier):** Oui. Une usine de conditionnement du poisson tombera sous le coup de la définition.

**M. McGrath:** Je vais un peu plus loin. Qu'arrive-t-il de n'importe quel genre d'usine qui s'installe dans une région comme Terre-Neuve, qui est une île ou l'Île-du-Prince-Édouard? De toute évidence, toute industrie qui va s'y installer sera très désavantagée et ne serait pas installée sans subventions.

**M. Marchand (Langelier):** Si vous demandez si toutes les industries qui veulent se rendre à Terre-Neuve devraient recevoir des subventions, je répondrai par un non.

**M. McGrath:** Je ne connais pas d'industrie qui s'installerait à Terre-Neuve sans subventions.

**M. Marchand (Langelier):** Il serait peut-être sage à un certain moment de refuser une subvention.

**M. McGrath:** Vous aimeriez peut-être préciser. Allez-y. Vous devez avoir une farce à nous conter là-dessus.

**M. Marchand (Langelier):** D'accord. L'industrie peut ne pas avoir droit à une subvention si elle produit des bateaux.

**M. McGrath:** Je suis convaincu que cette mesure législative est le plus beau bateau qu'on nous ait monté au Parlement. Nous



## [Texte]

We have spent a great deal of time in this Committee talking about special programs for the province of Newfoundland. We know of the FRED Program for Prince Edward Island. We have seen some of the programs in northern Alberta and we have seen some of the programs in Manitoba and Saskatchewan, and the province of Newfoundland today is still without any attention from this Department.

• 2130

**Mr. Marchand (Langelier):** This is what you contend. I can only say something, Mr. Chairman, and I am not going to enter into that field because I can be as tough as the member is. I can tell you that in the House all those who spoke found that it was a good philosophy. They were frightened by certain aspects of the Bill. All the premiers we met today agreed that it was good legislation. Perhaps this member thinks it is a red herring. All right—think it. That is all I have to say. I have no protection against that.

**Mr. McGrath:** You tell me, Mr. Minister, what this legislation is going to do for the disadvantaged people of my province?

**Mr. Marchand (Langelier):** Do you want a speech? Just read what I said.

**Mr. McGrath:** You go ahead and make the speech now.

**Mr. Marchand (Langelier):** I made the speech in the House; just read it.

**The Chairman:** Mr. McGrath, we are pushed for time.

**Mr. Marchand (Langelier):** I am not here to make politics. I am just speaking about the law which exists...

**Mr. McGrath:** You can call it what you like.

**The Chairman:** Mr. McGrath, we are here to ask questions about the Bill specifically. I realize that some of your questions might be pertinent but, nevertheless we are getting into an area, which I think you can discuss with the Deputy Minister and some of his aides. There are other members here who want to question the Minister and I would hope that I would have your co-operation because, I mention again, the bells are going to ring.

## [Interprétation]

avons longtemps parlé de programmes spéciaux pour Terre-Neuve. Nous connaissons le programme FODER pour l'Île-du-Prince-Édouard. Nous avons étudié quelques-uns des programmes du nord de l'Alberta, du Manitoba et de la Saskatchewan et le problème de Terre-Neuve n'a toujours pas attiré l'attention du ministère.

**M. Marchand (Langelier):** C'est ce que vous prétendez. Je ne peux dire qu'une seule chose, monsieur le président, et je ne vais pas entrer dans ce domaine, parce que je puis être aussi dur que cet honorable député. Je puis vous répéter qu'à la Chambre, tous ceux qui ont parlé ont trouvé que c'était un bon principe. Ils étaient effrayés par certains aspects du projet de loi. Tous les premiers ministre que nous avons rencontré aujourd'hui étaient d'avis que c'était une bonne mesure législative. L'honorable député pense probablement que c'est un bateau. Très bien, pensez-le. C'est tout ce que je veux dire. Je suis sans protection.

**M. McGrath:** Monsieur le ministre dites-nous alors ce que cette mesure législative va faire pour les désavantagés de ma province?

**M. Marchand (Langelier):** Est-ce que vous voulez un discours? Lisez seulement ce que j'ai dit.

**M. McGrath:** Allez-y, faites le discours maintenant.

**M. Marchand (Langelier):** Monsieur, j'ai fait le discours à la Chambre. Lisez-le.

**Le président:** Monsieur McGrath, le temps nous presse.

**M. Marchand (Langelier):** Je ne suis pas ici pour discuter de politique. Je ne fais que parler de la loi qui existe...

**M. McGrath:** Vous pouvez l'appeler comme vous le voulez.

**Le président:** Nous sommes réunis dans cette enceinte pour poser des questions à propos du projet de loi. Je vois que certaines d'entre elles peuvent être pertinentes, mais néanmoins, nous entrons dans un domaine qu'il serait préférable de discuter avec le sous-ministre et quelques aides. Il y a d'autres députés ici qui voudraient poser des questions au ministre, et j'espère que je peux compter sur votre coopération, parce qu'encore une fois je dois répéter que les cloches vont sonner.



[Text]

**Mr. McGrath:** Mr. Chairman, as long as the Minister is a member of the House I intend to discuss it with him and not with the Deputy Minister. I want to ask him this question. What has the government of Canada done for the disadvantaged people of Bell Island?

**Mr. Marchand (Langelier):** What have we done?

**Mr. McGrath:** Yes.

**Mr. Marchand (Langelier):** We have done a few things.

**Mr. McGrath:** You tell us, Mr. Minister.

**The Chairman:** I think this is a matter of record, Mr. McGrath. I do not want to take up the time of the Committee. However, if you would like to pursue it later, I would like you to step down if you will at this time and let some of the other members of the Committee ask some questions and we will get back to your questions later.

**Mr. McGrath:** I do not see why I...

**Mr. Marchand (Langelier):** So your contention is that nothing was done for the people of Bell Island, nothing at all. Is this your contention?

**Mr. McGrath:** Nothing constructive.

**Mr. Marchand (Langelier):** Nothing constructive.

**Mr. McGrath:** That is right.

**Mr. Marchand (Langelier):** We have not discovered a new mine, but we have tried to help the people of Bell Island. We have tried in many ways in co-operation with the Government of Newfoundland.

**Mr. McGrath:** In what way?

**Mr. Marchand (Langelier):** To those who wanted to move, we gave grants for their houses. We helped them in many ways through our manpower centres and we have tried to find jobs for them. We have given them exploratory grants so that they could find jobs, and so on. We have tried to help probably more than anywhere else, except maybe with the miners in Nova Scotia.

Maybe it is not enough. Maybe I can agree with you on that. But when you say we have done nothing, I would say that is not the truth.

**Mr. McGrath:** Mr. Chairman, the Minister is accustomed to talking about his generosity.

[Interpretation]

**M. McGrath:** Monsieur le président, du moment que le ministre est membre de la Chambre, j'ai l'intention de discuter avec lui et non pas avec le sous-ministre. Alors je pose ma question. Qu'est-ce que le gouvernement du Canada a fait pour les personnes désavantagées de l'île Bell?

**M. Marchand (Langelier):** Ce qu'on a fait?

**M. McGrath:** Oui.

**M. Marchand (Langelier):** On a fait plusieurs choses.

**M. McGrath:** Parlez-nous en alors, monsieur le ministre.

**Le président:** Monsieur McGrath, je ne voudrais pas prendre le temps du Comité, mais si vous voulez poursuivre la question plus avant, je vous demanderais de le faire plus tard et de permettre à des députés de poser des questions maintenant et nous reviendrons à votre question plus tard.

**M. McGrath:** Je ne vois pas pourquoi...

**M. Marchand (Langelier):** Autrement dit, vous prétendez que rien n'a été fait pour les gens de l'île Bell? C'est ce que vous voulez dire n'est-ce pas?

**M. McGrath:** Rien de constructif.

**M. Marchand (Langelier):** Rien de constructif.

**M. McGrath:** C'est ça.

**M. Marchand (Langelier):** Nous n'avons pas découvert une nouvelle mine, mais nous avons essayé d'aider les gens de l'île Bell. Nous avons cherché à le faire avec la coopération du gouvernement de Terre-Neuve.

**M. McGrath:** De quelle façon?

**M. Marchand (Langelier):** On a donné à ceux qui voulaient s'installer des subventions pour leurs maisons. On les a aidés par nos centres de main-d'œuvre, et on a essayé de leur trouver des emplois. On leur a donné d'autres subventions pour qu'ils puissent se trouver un emploi. Donc, on a peut-être fait beaucoup plus que pour d'autres régions, à l'exception des mineurs de la Nouvelle-Écosse. Ce n'est peut-être pas suffisant, je suis d'accord avec vous, mais quand vous dites qu'on n'a rien fait, eh bien ce n'est pas vrai.

**M. McGrath:** Le ministre aime beaucoup parler de sa générosité. Il a parlé de la géné-

[Texte]

He talked about the generosity of the federal government with regard to the P.E.I. FRED program. Now I want to ask you, Mr. Minister, what about the FRED programs for Newfoundland? What programs are there to deal with the very serious economic situation in the Province of Newfoundland?

**Mr. Marchand (Langelier):** We are holding discussions with the Government of Newfoundland and we will try to...

**Mr. McGrath:** How long have you been discussing?

**Mr. Marchand (Langelier):** We have been discussing for a long time and it might take a few months more. We will take the time necessary to find a solution. It is not an easy problem. Maybe you can solve it, and you will solve it overnight. But I cannot. It is too difficult a problem for that.

**Mr. McGrath:** Mr. Chairman, the Minister tells me that he has not been able to solve it overnight, but we are talking now about a situation that has existed since this government has been in office, since 1963. And we still have the very serious problem in Newfoundland which is growing every day.

**Mr. Marchand (Langelier):** Yes, I know that you solved the problem while Mr. Diefenbaker was there, but this is another question.

**Mr. McGrath:** He did a hell of a lot more than you people are doing. You may find this very mausing Mr. Chairman.

**Mr. Marchand (Langelier):** You are not interested in that. All you are interested in is politics. All right, I can...

**Mr. McGrath:** No, Mr. Chairman. I resent the remark the Minister just made. I am interested in my people who want jobs, that is all, who want equal opportunity, the same opportunity that you have in Eastern Quebec which is supposed to be one of the great areas of Canada that is suffering under regional disparity.

**Mr. Comtois:** That is small politics, what you are saying.

**Mr. McGrath:** Why do you feel that way?

**The Chairman:** Mr. McGrath...

**Mr. Marchand (Langelier):** The average income in Eastern Quebec is about the same as in Newfoundland.

[Interprétation]

rosité du gouvernement fédéral pour le programme FODER de l'Île-du-Prince-Édouard. Alors, monsieur le ministre, qu'en est-il du programme FODER de Terre-Neuve? Quels programmes y a-t-il pour remédier à la situation très grave de Terre-Neuve?

**M. Marchand (Langelier):** Nous discutons actuellement avec le gouvernement de Terre-Neuve et nous essayons...

**M. McGrath:** Depuis combien de temps discutez-vous?

**M. Marchand (Langelier):** Les négociations durent depuis longtemps et cela durera encore plusieurs mois. On prendra le temps qu'il faudra pour trouver une solution. Ce n'est pas un problème facile. Vous pouvez peut-être résoudre la question, du jour au lendemain, mais moi je ne le peux pas. C'est certainement quelque chose de très difficile.

**M. McGrath:** Monsieur le président, le ministre me dit qu'il n'a pas pu résoudre les problèmes du jour au lendemain, mais ici il s'agit de remédier à une situation qui existe depuis que le gouvernement est au pouvoir en 1963. Nous continuons d'avoir le grave problème de Terre-Neuve et cela ne cesse de s'accroître à chaque jour.

**M. Marchand (Langelier):** Je sais que vous aviez réglé tous les problèmes quand il y avait M. Diefenbaker, mais c'est une autre histoire.

**M. McGrath:** Il a certainement fait beaucoup plus que ce que vous faites, messieurs.

**M. Marchand (Langelier):** Cela ne vous intéresse pas? Est-ce que la politique vous intéresse.

**M. McGrath:** Non, monsieur le président, je n'aime pas beaucoup les remarques du ministre. Je m'intéresse aux gens qui ont besoin d'emplois, c'est tout, ceux qui veulent des possibilités d'emplois égales pour tous. Les même possibilités d'emplois que vous avez dans l'Est du Québec qui est censée être une des plus grandes régions du Canada et ils souffrent des disparités régionales.

**M. Comtois:** C'est la petite politique.

**M. McGrath:** Pourquoi vous dites cela?

**Le président:** M. McGrath.

**M. Marchand (Langelier):** Le revenu moyen dans l'Est du Québec est à peu près le même qu'à Terre-Neuve.



[Text]

**The Chairman:** I am the Chairman here, Mr. McGrath, and I am going to ask you to be as fair with me as I try to be with you. There are a number of members. If you will put your questions aside for the time being, we will get back to them later. Mr. Mazankowski?

**Mr. Mazankowski:** Mr. Chairman, I have about three or four short questions, mainly for clarification. In his speech on May 27 the Minister stated that:

The improvement will not apply to expansions that involve only the production of more of the same thing.

• 2135

Are we to assume that any modernization which increases production of the same product would not qualify for a grant under this program?

**Mr. Marchand (Langelier):** As you probably read in the law, there are two types of grants primary and secondary. The primary grants will apply to expansion even if it is more of the same product, but not the secondary grants. The secondary grants are limited to new industry or new lines of production, not necessarily new lines of production but new products which suppose a new line of production. And because they are producing something new, we assume that they will have to make a new investment, and this is why we give the secondary grant.

**Mr. Mazankowski:** I see. In the same submission you state that in an industry

...using an average amount of capital, we will be prepared to provide an incentive of up to \$12,000 for each new job created. If the industry is one that uses a lot of capital, we will go as high as \$30,000 per job...

How would you define the average capital?

**Mr. Marchand (Langelier):** We will know what kind of capital is invested. This is something that we can verify, and we can verify also the number of jobs it creates. So you have only to divide the capital by the number of workers and you have the average investment per job. The maximum is \$25,000, right?

**Mr. Kent:** No, \$25,000 is an average figure for a modern plant. Twenty five thousand dollars per job is the total investment involved.

[Interpretation]

**Le président:** Je suis le président ici, monsieur McGrath, et je vous demande d'être aussi juste avec moi que je le suis avec vous. Je pense qu'il y a un grand nombre de députés qui voudraient poser des questions, mais qui les remettent à plus tard. Monsieur Mazankowski.

**M. Mazankowski:** Oui, monsieur le président, j'ai quelque trois ou quatre questions à poser à titre d'éclaircissements. Dans le discours du ministre du 27 mai, il a été dit que «l'amélioration ne s'appliquera pas aux expansions qui impliquent la production d'un peu près la même chose.»

On en a déduit donc que toute modernisation qui augmente la production du même produit ne pourrait pas bénéficier d'une subvention dans le cadre du programme.

**M. Marchand (Langelier):** Comme vous le voyez dans la loi, il y a deux types de subventions. Il y a les subventions primordiales et des subventions secondaires. Les subventions primordiales s'étendraient à des expansions, mais pas pour les subventions secondaires. Les subventions secondaires s'appliquent à de nouvelles industries ou de nouveaux type de production, mais non seulement de nouvelles lignes de production, mais de nouveaux produits qui pourraient initier une nouvelle ligne de production. Comme il s'agit de produire quelque chose de nouveau, nous supposons qu'il faudra qu'il fasse l'investissement nouveau, et c'est pourquoi on leur donne une subvention secondaire.

**M. Mazankowski:** Très bien, je vous remercie. Maintenant, dans la même déclaration, vous avez dit que dans une industrie qui «utilise un nombre moyen de capital pourra toucher jusqu'à \$12,000 par chaque nouvel emploi créé. Si cette industrie utilise beaucoup de capitaux, cela pourrait aller jusqu'à \$30,000 par poste.» Comment définiriez-vous le capital moyen?

**M. Marchand (Langelier):** Nous saurons quel montant du capital est investi. Ça c'est toujours quelque chose qu'on peut vérifier et nous pouvons également vérifier le nombre d'emplois concrets. Par conséquent, il suffit de diviser le capital par le nombre d'employés et vous avez le montant moyen d'investissements par poste. Le maximum est \$25,000, n'est-ce pas?

**M. Kent:** C'est un chiffre moyen pour une usine moderne. \$25,000 par emploi est l'investissement total.



[Texte]

**Mr. Marchand (Langelier):** Yes.

**Mr. Mazankowski:** I see. One more question. With respect to the establishment of the designated regions, is it fair to assume that the present designated areas would be included in the new designated regions?

**Mr. Marchand (Langelier):** Not necessarily.

**Mr. Mazankowski:** Not necessarily. They will be given due consideration, I am sure, in this regard.

**Mr. Marchand (Langelier):** Yes, of course. This is an aspect we are looking into, but it will not be automatic.

**Mr. Mazankowski:** In the designating of areas, besides the criteria of employment and slow-growth will you give due consideration to the prevalence of our native people in an area? If there are a number of Indian reserves in an area, would this be a criterion for the establishment of a designated region?

**Mr. Marchand (Langelier):** Many groups of Indians live in what we call slow-growth regions and these regions may be designated because they are slow-growth, but not because there are Indians there. The Department of Indian Affairs has specific programs for Indians. We will have programs which will, of course, affect the Indians favourably, I hope. But it will not be because they are Indians but because they are in slow-growth regions.

**Mr. Mazankowski:** Thank you.**The Chairman:** Mr. Comtois.

**M. Comtois:** Monsieur le ministre, je voudrais simplement quelques explications. On parle surtout d'infrastructure dans le bill créant votre ministère. Quand des ententes seront conclues au sujet des infrastructures, quelle sera l'autorité qui fera la construction de ces services? Est-ce que ce sera l'autorité fédérale, provinciale ou municipale?

[Interprétation]

**M. Marchand (Langelier):** Oui.

**M. Mazankowski:** Une autre question encore. Maintenant, en ce qui concerne la création de l'établissement de ces régions désignées, est-ce qu'on peut dire à juste titre que les régions désignées actuellement pourraient être comprises dans les nouvelles régions qui ne sont pas désignées actuellement.

**M. Marchand (Langelier):** Pas nécessairement.

**M. Mazankowski:** Pas nécessairement. On les étudiera au moment voulu, je suis sûr.

**M. Marchand (Langelier):** Oui, bien sûr. C'est toujours un aspect que nous allons étudier, mais ce ne sera pas certainement automatique.

**M. Mazankowski:** Maintenant, en ce qui concerne la désignation des régions encore une fois, à part le critère d'emploi et de la faible croissance, est-ce que vous allez étudier particulièrement l'existence, la présence d'une population indigène dans la région? Il y a, par exemple, un certain nombre de réserves indiennes dans une région donnée. Est-ce que cela serait un critère pour établir une nouvelle région?

**M. Marchand (Langelier):** Il y a beaucoup de groupes d'Indiens qui vivent dans des régions de faible croissance et ces régions pourraient être désignées justement parce que ce sont des régions de faible croissance. Par exemple, une telle région pourrait être désignée compte tenu de sa faible croissance, non pas parce qu'il y a des Indiens sur place. Le ministère des Affaires indiennes a des programmes spéciaux pour les Indiens. Par conséquent, nous aurons des programmes qui, bien sûr, affecteront les Indiens favorablement. Je l'espère, mais ce ne sera pas simplement parce qu'ils sont Indiens, mais simplement parce qu'ils sont dans une région de faible croissance.

**M. Mazankowski:** Merci, monsieur le ministre.**Le président:** Monsieur Comtois.

**Mr. Comtois:** Mr. Minister, just a few explanations. The bill setting up your Department refers especially to the infrastructure. When agreement will be signed on the infrastructure, what will be the authority that will decide on the building of the services? Will it be the federal, provincial or municipal authority?

[Text]

**M. Marchand (Langelier):** C'est une chose qui n'est pas déterminée dans la Loi. La manière de procéder est une chose que nous aurons à décider avec chacune des provinces.

**M. Comtois:** Est-ce que le gouvernement fédéral peut prendre l'initiative dans ces domaines qui, je crois, sont surtout de juridiction provinciale?

**M. Marchand (Langelier):** Il y a des domaines où ce sera toujours difficile au gouvernement fédéral d'intervenir et d'agir. Dans les domaines qui sont strictement de juridiction provinciale, nous pourrions difficilement nous substituer à la province pour faire ce qu'elle a autorité de faire en vertu de la Constitution.

**M. Comtois:** Normalement, est-ce que ce serait fait en vertu d'une entente fédérale-provinciale? A ce moment-là, il est fort probable que l'autorité provinciale s'occupe d'exécuter les travaux.

**M. Marchand (Langelier):** C'est possible que certains travaux soient exécutés par les provinces et d'autres par le gouvernement fédéral.

**M. Comtois:** Merci.

**The Chairman:** Mr. Lundrigan?

**Mr. Lundrigan:** Mr. Chairman, I have only one question, and it might surprise the Minister a bit. Having gone through the bill setting up the Department, and now having read Bill C-202 relating to industrial incentives where there is a great deal of emphasis on discretionary powers and flexibility, I am wondering why you or your advisors found it necessary to build in certain restrictive clauses such as new products, minimum size of 10,000 square miles for a designated area, 20 per cent maximum capital cost assistance under the primary development grant, restrictions on maximum involvement with labour assistance, and so on. There obviously is a reason for this, but why did you feel it necessary to impose any restrictions at all? I hope you do not interpret this as a request that you eliminate all restrictions, but why did you feel these were necessary? I can visualize cases where you might need the discretion to give support beyond the designated maximum assistance specified in the act, which would require you perhaps, to limit the kind of assistance you would necessarily want. There are areas which might very well need a different formula for assistance than other areas. In other words, you might find the Interlake area needing a great deal more

[Interpretation]

**Mr. Marchand (Langelier):** This is something which has not been settled in the Act. The manner in which to proceed is something which we will have to decide with each province.

**Mr. Comtois:** Is the federal government in a position to take the initiative in these fields which actually are mostly a provincial responsibility?

**Mr. Marchand (Langelier):** There are certain fields where it will always be difficult for the federal government to intervene and act. In those fields which are strictly under provincial jurisdiction, it will be difficult for us to replace the province in order to carry out what it is entitled to carry out by virtue of the constitution.

**Mr. Comtois:** Normally, would this be done by virtue of a federal-provincial agreement? If so, it is very likely that it is the provincial authority which will be entrusted with the task of carrying out the work.

**Mr. Marchand (Langelier):** Some projects might be carried out by the federal government and others by the provincial government.

**Mr. Comtois:** Thank you.

**Le président:** Monsieur Lundrigan.

**M. Lundrigan:** Monsieur le président, j'ai simplement une question, qui surprendra peut-être le ministre. Ayant passé en revue le projet de loi qui crée le ministère et après lecture du bill C-202 concernant l'initiative industrielle où il y a beaucoup d'insistance sur les pouvoirs discrétionnaires et la souplesse, je me demande pourquoi vous ou vos conseillers jugez bon de prévoir certaines clauses restrictives comme les nouveaux produits de 10,000 milles carrés, 20 p. 100 de maximum d'assistance pour le coût d'équipement dans le cadre du programme primordial de développement, des restrictions sur un engagement maximum de la main-d'œuvre. Il y a une raison à tout ce que vous avez fixé, mais je voudrais savoir pourquoi vous avez jugé bon d'imposer des restrictions et je vous prie de ne pas l'interpréter comme une demande. Pourquoi avez-vous jugé bon de fixer des limitations de ce genre, parce que pour ma part, je peux au moins voir dans l'avenir des cas où vous aurez besoin d'un pouvoir de discrétion pour pouvoir dire que nous sommes disposés d'aider au-delà du montant spécifié dans la loi, et qui vous demanderait peut-être de limiter le genre d'aide dont vous auriez nécessairement besoin. Il y a certaines régions qui peuvent avoir besoin d'une for-



## [Texte]

assistance under the act than you would find some places in the townships or some places even in Newfoundland. Why did you build in these stringencies and restrictions?

**Mr. Marchand (Langelier):** Why? First, because we do not have an unlimited amount of money to spend.

**Mr. Lundrigan:** That is a good reason.

**Mr. Marchand (Langelier):** This is the first restriction we have to accept unless Canadian people accept to be taxed to the limit. The actual grant under ADA represents about 20 per cent of the capital invested.

Of course, there are some tax allowances which can be taken into account but it was not very useful for the new ventures. It was useful for the well-established companies who made profits after a year or two but it was not true for the new ventures. We can say that the average probably would have been between 20 cent and 25 per cent of the capital invested.

So we decided to raise this amount to 45 per cent, which is quite an increase. If we think, or you think, that we should go beyond 45 per cent, because in certain cases we would probably need 75 per cent or 100 per cent, then at such time I think it is preferable that we do it ourselves. How can we justify giving a 100 per cent grant to a private enterprise and say: "Here, we will pay for the whole thing and it is yours." I think if you argue within the system of free enterprise and private initiative, of course, you cannot give the whole amount. Where do you stop? Of course, it was very difficult to reach this proportion of 45 per cent. There was much opposition to it and I think it is a reasonable amount.

When you consider that the government is going to pay 45 per cent of the capital cost investment I think it is quite generous. However, as you say, in a few cases it might not be enough. If it is not enough at this stage, I think that Mr. Saltsman is right. We should set up a corporation and build the company ourselves.

**Mr. Lundrigan:** Mr. Chairman, there are some other thoughts I have and I certainly

## [Interprétation]

mule d'aide qui ne pourrait s'appliquer à d'autres régions. Autrement dit, la région de Interlaken peut avoir besoin de beaucoup plus d'aide que certains secteurs dans les Cantons, ou même à Terre-Neuve.

Alors pourquoi y avez-vous établi ces restrictions?

**M. Marchand (Langelier):** Pourquoi? Eh bien, d'une part parce que les sommes dont nous disposons ne sont pas illimitées.

**M. Lundrigan:** C'est une bonne raison.

**M. Marchand (Langelier):** C'est la première restriction qu'il nous faut accepter, à moins, bien sûr, que les Canadiens n'acceptent d'être imposés jusqu'à la limite. Les subventions réelles prévues par l'ADA, par exemple, représentaient environ 20 p. 100 à des investissements de capitaux.

Bien sûr, il y a des dégrèvements fiscaux qui peuvent être pris en considération, mais cela n'était pas très utile pour les nouvelles sociétés. C'était très valable pour les sociétés qui existaient déjà, pour les entreprises qui faisaient des bénéfices au bout d'un an ou deux, mais pas pour les nouvelles entreprises. Donc on peut dire que la moyenne aurait été entre 20 p. 100 et 25 p. 100 du capital investi.

Maintenant, nous avons décidé de monter ce montant à 45 p. 100, ce qui est une augmentation assez impressionnante. Si vous croyez ou si nous croyons que nous devrions aller au-delà de 45 p. 100, car dans certains cas nous devrions probablement aller jusqu'à 75 p. 100 ou 100 p. 100, eh bien, à ce moment-là je pense qu'il est préférable que nous le fassions nous-mêmes. Comment aurions-nous le droit de donner une subvention à 100 p. 100 à une entreprise privée en disant: Voilà on paie tout et puis et puis c'est à vous.

Non, je pense que si vous voulez vous limiter au système de l'entreprise privée, l'initiative privée, bien sûr, vous ne pouvez pas donner la totalité de la somme. Où est-ce que vous arrêtez. Évidemment, il est très difficile d'atteindre cette proportion de 45 p. 100. L'opposition était grande, mais je pense que c'est un montant raisonnable.

Comme vous dites que le gouvernement va payer jusqu'à 45 p. 100 du capital nécessaire pour les investissements. Je pense que c'est une situation assez généreuse. Cependant comme vous dites dans certains cas, il se peut que ce ne soit pas suffisant.

Si à ce stage-ci ce n'est pas suffisant, je pense que M. Saltsman a raison. Il nous faudrait alors établir une société, et la créer nous-mêmes.

**M. Lundrigan:** Mais, monsieur le président, il y a certainement d'autres idées que j'aurais



## [Text]

hope I will get an opportunity later on to express my feelings on them. I would like to ask one last simple question. Do you think there is a need to combine positive programs of development such as those under your department which is basically your aim and your philosophy with certain counter-cyclical physical—I am sorry, this is not my phrase—with certain counter-cyclical fiscal policies which apply selectively across Canada.

**Mr. Marchand (Langelier):** Yes, this is outside the law which is here and I am not in my jurisdiction there as a member of the Cabinet. But I think that fundamentally you are right.

**Mr. Lundrigan:** I am just going to say this and then I will leave it, perhaps a good long talk with the Minister of Finance would certainly be well in order and I will get around to that too, later on, Mr. Chairman.

**The Chairman:** Mr. Laprise?

• 2145

**M. Laprise:** Monsieur le président, je ne sais pas si j'aurai le temps de poser mes questions. A tout événement, je n'ai pas voulu tout à l'heure, au début de la séance, intervenir au sujet d'une question supplémentaire, mais je désirerais le faire maintenant.

Au sujet de la possibilité de subventionner une entreprise d'une certaine importance, prenons le cas d'une compagnie qui veut établir une industrie; elle a alors besoin de main-d'œuvre hautement qualifiée, mais ne la trouve pas dans la région, par conséquent, elle doit l'importer. En vertu de la loi, cette compagnie peut-elle quand même recevoir une subvention dans un tel cas?

**M. Marchand (Langelier):** Non, pas en vertu de cette loi-là. Mais nous pouvons, cependant, en vertu des lois qui régissent le ministère de la Main-d'œuvre, déplacer des travailleurs, payer leur déménagement, leur donner des allocations de subsistance, etc, et ceci, conformément à la *Loi de l'enseignement professionnel*, nous pouvons faire ce que vous mentionnez, mais pas en vertu de cette loi-là.

**M. Laprise:** En vertu de cette loi-là, la subvention dans ce cas, ne serait pas acceptable du fait que la compagnie n'emploierait pas la main-d'œuvre locale.

**M. Marchand (Langelier):** Non, il n'est pas question de main-d'œuvre locale dans ce cas, non. Évidemment, si vous êtes dans une région très peu peuplée et que toute la main-d'œuvre doit venir de l'extérieur, alors nous nous demanderons si cela aide vraiment au développement de cette région. Seulement, il

## [Interpretation]

aimé discuter avec vous mais je garderai mes questions pour plus tard.

Je vais simplement vous poser une dernière question.

Est-ce que vous pensez qu'il soit nécessaire de combiner des programmes positifs d'expansion comme ceux de votre Ministère, ce qui constitue essentiellement votre objectif et votre philosophie à l'égard de certaines politiques financières fiscales contre-cycliques qui s'appliquent à tour de rôle au Canada?

**M Marchand (Langelier):** Oui, cela dépasse le cadre de la loi dont nous sommes saisis. Ça ne relève pas de ma compétence en tant que membre du Cabinet. Mais je pense qu'en principe vous avez parfaitement raison.

**M. Lundrigan:** Je vais simplement dire qu'un long entretien avec le ministre des Finances serait certainement très indiqué et j'y reviendrai plus tard monsieur le président.

**Le président:** Monsieur Laprise.

**Mr. Laprise:** Mr. Chairman, I do not know if I shall have enough time to ask my questions. In any event, I did not want to take the floor, earlier, at the beginning of the meeting, on a supplementary question. I would like to do it now.

Regarding the possibility of subsidizing a company of a certain size, let us take the case of a company which wants to set up an industry. It would then require highly skilled labour which it would not be able to find in the area and therefore, it would have to bring in that labour. By virtue of the Act, could that company nevertheless be subsidized in a case such as this?

**Mr. Marchand (Langelier):** No, not this very Act. But nevertheless, by virtue of the various Acts governing the Department of Manpower, we can move workers, pay for their moving, give them subsistence allowances, and so forth, in accordance with the Vocational Education Act, we can do what you are speaking about, but not under this particular Act.

**Mr. Laprise:** You mean that under this Act the grant would not be allowed because the company would not be using local labour.

**Mr. Marchand (Langelier):** No, it has nothing to do with local labour, in this case. Of course, if you happen to be in an area which is very sparsely populated and if all the labour will have to be brought in from outside, then we will wonder whether this is really of any help to the development of that

[Texte]

peut bien arriver, et c'est fort possible que personne sur les lieux mêmes ne soit en mesure de travailler à l'usine que vous avez à l'esprit.

Par ailleurs, si cette usine existait, elle procurerait indirectement de l'emploi à d'autres entreprises où les travailleurs locaux pourraient être embauchés et alors, on peut très bien décider que c'est faisable et que c'est même souhaitable.

**M. Laprise:** Maintenant, j'aurais une autre question. Dans le cas de la province de Québec, je pense qu'il y a une loi un peu semblable à celle que nous étudions présentement, à savoir qu'elle peut consentir des subventions à des entreprises qui s'installent dans des régions qu'elle a elle-même désignées. Dans ces régions, comme celle que je représente, l'Abitibi, votre ministère et la province de Québec vont-ils contribuer ensemble ou séparément pour subventionner les entreprises qui veulent s'y installer?

**M. Marchand (Langelier):** Ai-je bien compris votre question qui disait: est-ce que nous allons donner nos subventions, nos propres subventions...

**M. Laprise:** Ou en collaboration avec la province de Québec.

**M. Marchand (Langelier):** Je crois que les deux peuvent collaborer, pourvu que cela ne dépasse pas une certaine limite.

**M. Laprise:** Pour la même industrie?

**M. Marchand (Langelier):** Oui, parce que nous exigeons que la compagnie elle-même investisse un certain montant, un certain pourcentage du capital, alors, si l'addition des deux subventions ne dépasse pas ce plafond, les deux peuvent être accordées. D'ailleurs à Golden Eagle, Québec, les deux gouvernements, ont donné, je crois que le gouvernement du Québec a contribué \$500,000.

Seulement, si le montant des deux subventions dépasse, est supérieur à la limite, c'est-à-dire si l'investissement de la compagnie est inférieur à ce que nous croyons être un minimum, alors, nous ne l'accorderons pas. Si une compagnie, en accumulant des subventions, soit municipales, provinciales et fédérales, en arrivait à obtenir tout le capital nécessaire des gouvernement, eh bien, à ce moment-là je pense que nous aurions des doutes sérieux quant à nos propres subventions; si nous en avions, la compagnie ne l'obtiendrait pas.

**Mr. Deakon:** Mr. Chairman, before we adjourn. I would like the Chairman, please, if he would ensure that at the next meeting of

[Interprétation]

area. But it is quite possible for a situation to arise where, locally, there is nobody capable of working in the factory you have in mind. Furthermore, if that factory did exist, it would indirectly provide employment to other concerns where local workers could be hired and in view of this, it would be possible to decide that this is indeed feasible and even desirable.

**Mr. Laprise:** Now, I have another question. In the case of the Province of Quebec, I think there is an act which is somewhat similar to the one we are presently studying, that is, it can give grants to firms which settle in areas which it has designated itself. Now, in those areas such as the region I represent, Abitibi, will your Department and the Province of Quebec contribute together or separately in subsidizing firms that want to settle there?

**Mr. Marchand (Langelier):** Did I understand correctly when you asked: are we going to give our own grants...

**Mr. Laprise:** Or in co-operation with the Province of Quebec.

**Mr. Marchand (Langelier):** I think that can both co-operate as long as it does not exceed a certain amount.

**Mr. Laprise:** For the same industry?

**Mr. Marchand (Langelier):** Yes, because we require that the company itself invest a certain amount, a certain percentage of the capital, so, if the sum of the two subsidies does not exceed this ceiling, then the two can be granted. Where Golden Eagle, in Quebec, is concerned, both governments contributed, with the Quebec government providing a sum of \$500,000, I believe.

However, if the amount of the two exceeds the limit, that is, if the investment of the company is lower than the minimum we expected, then we will not give any subsidy. If a company, by accumulating subsidies, either from the province or the federal government, were to manage to gather its entire capital, we would then have serious doubts concerning our own subsidies, and if we had any, we would not grant them to the company.

**M. Deakon:** Monsieur le président, avant de lever la séance, est-ce que vous pouvez vous assurer que ceux qui n'ont pas pu poser des

## [Text]

the Committee the ones on the list who had no opportunity to speak be given priority?

**The Chairman:** You are first on the list, Mr. Deakon.

Gentlemen, I think that we should stand Clause 1.

Clause 1 stood.

**The Chairman:** We will be back here then at 3.30 p.m. tomorrow and the Minister will be back on Thursday as he cannot be here tomorrow.

• 2150

The meeting is adjourned.

## [Interpretation]

questions jusqu'ici, aient la priorité à la prochaine séance?

**Le président:** Vous êtes le premier sur la liste, monsieur Deakon. Messieurs, je pense qu'il faut mettre en réserve l'article numéro 1.

L'article 1 est réservé

**Le président:** Nous reviendrons donc à 15h30 demain. Le ministre va revenir jeudi, il ne peut pas être ici demain.

La séance est levée.



OFFICIAL BILINGUAL ISSUE

FASCICULE BILINGUE OFFICIEL

HOUSE OF COMMONS

CHAMBRE DES COMMUNES

First Session

Première session de la

Twenty-eighth Parliament, 1968-69

vingt-huitième législature, 1968-1969

---

STANDING COMMITTEE

COMITÉ PERMANENT

ON

DE L'

REGIONAL DEVELOPMENT

EXPANSION ÉCONOMIQUE RÉGIONALE

*Chairman*

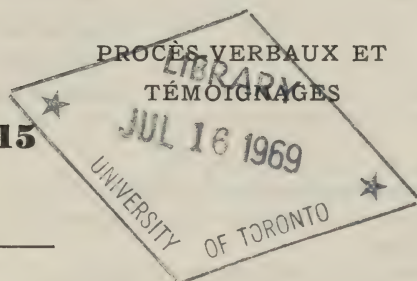
Mr. John Morison

*Président*

---

MINUTES OF PROCEEDINGS  
AND EVIDENCE

**No. 15**



---

WEDNESDAY, JUNE 11, 1969

LE MERCREDI 11 JUIN 1969

---

*Respecting*

*Concernant le*

BILL C-202,

BILL C-202,

An Act to provide Regional Development  
Incentives, Etc.

Loi prévoyant des subventions au  
développement régional, etc.

---

WITNESSES—TÉMOINS

(See *Minutes of Proceedings*)

(Voir *Procès-verbaux*)

STANDING COMMITTEE  
ON  
REGIONAL DEVELOPEMENT

*Chairman*  
*Vice-Chairman*

and Messrs.

Blouin,  
Broadbent,  
Carter,  
Comtois,  
Foster,  
<sup>1</sup> Goode,

Mr. John Morison  
Mr. Alexandre Cyr

Honey,  
Laprise,  
Lundrigan,  
MacDonald (Egmont),  
Marshall,  
Mazankowski,

Quorum (11)

*Le secretaire du Comité*

ROBERT V. VIRR

*Clerk of the Committee.*

COMITÉ PERMANENT  
DE L'EXPANSION  
ÉCONOMIQUE RÉGIONALE

*Président*  
*Vice-président*

et MM.

McGrath,  
Robinson,  
Saltsman,  
<sup>2</sup> St. Pierre,  
Serré,  
<sup>3</sup> Whiting—20.

Conformément à l'article 65(4)(b) du  
Règlement

Pursuant to S.O. 65 (4) (b)

<sup>1</sup> Replaced Mr. Deakon on June 11.

<sup>2</sup> Replaced Mr. Leblanc (Laurier) on  
11 June.

<sup>3</sup> Replaced Mr. Sullivan on June 11.

<sup>1</sup> A remplacé M. Deakon le 11 juin.

<sup>2</sup> A remplacé M. Leblanc (Laurier) le  
11 juin.

<sup>3</sup> A remplacé M. Sullivan le 11 juin.

[Text]

## MINUTES OF PROCEEDINGS

WEDNESDAY, June 11, 1969.  
(15)

The Standing Committee on Regional Development met this day at 3:40 p.m., the Chairman, Mr. Morison, presiding.

*Members present:* Messrs. Carter, Comtois, Cyr, Foster, Goode, Honey, Laprise, McDonald (*Egmont*), Marshall, Morison, St. Pierre, Serré, Whiting—(13).

*Witnesses: From the Departement of Régional Economic Expansion:* Mr. Tom Kent, Deputy Minister; Mr. W. J. Lavigne, Assistant Deputy Minister (Incentives); Mr. John Teeter, Director, Industrial Incentives Branch.

The Committee agreed that the next meeting would be on Monday, June 16 at 8:00 p.m.

The members resumed their questioning of departmental officials on Bill C-202.

After discussion the Committee proceeded to the Clause by Clause study of the Bill.

Clauses 1 and 2 were permitted to stand.

On Clause 3 Mr. St. Pierre moved,

That Clause 3, Subsection 1, of Bill C-202 be amended by striking out lines 31, 32, 33 and 34 of page 2, and substituting therefor the following words: "thereof, that is determined to require special measures to facilitate economic expansion and social adjustment, such region to be not less than 10,000 square miles in size in areas adequately served by conventional transportation, not less than 2,000 square miles in size in areas isolated by geographic factors and in all cases, the shape of such regions to be such as to accommodate the factors of geography, climate and transportation."

[Traduction]

## PROCÈS-VERBAL

Le MERCREDI 11 juin 1969.  
(15)

Le Comité permanent de l'expansion économique régionale se réunit cet après-midi à 3 h. 40, sous la présidence de M. Morison.

*Présents:* MM. Carter, Comtois, Cyr, Foster, Goode, Honey, Laprise, McDonald (*Egmont*), Marshall, Morison, St. Pierre, Serré, Whiting—(13).

*Témoins: Du ministère de l'expansion économique régionale:* M. Tom Kent, sous-ministre; M. W. J. Lavigne, sous-ministre adjoint (Subventions); M. John Teeter, directeur, Direction des subventions à l'industrie.

Le Comité décide que la prochaine séance aura lieu le lundi 16 juin, à 8 h. du soir.

Les membres du Comité recommencent à interroger les représentants du Ministère sur le Bill C-202.

Après débat, le Comité passe à l'examen du Bill article par article.

Les articles 1 et 2 sont réservés.

Sur l'article 3, M. St. Pierre propose—

Que le paragraphe (1) de l'article 3 du Bill C-202 soit modifié par le retranchement des lignes 29, 30, 31, 32, et 33, à la page 2, et leur remplacement par ce qui suit: «de ladite ou desdites provinces, et dans laquelle des mesures spéciales sont jugées nécessaires pour favoriser l'expansion économique et le relèvement social, la superficie de cette région ne devant pas être inférieure à 10,000 milles carrés dans les zones desservies de manière adéquate par les moyens de transports classiques, et à 2,000 milles carrés dans les zones isolées par des facteurs géographiques, et, dans tous les cas, le tracé de ces régions devant être tel qu'il tienne compte des facteurs géographiques et climatiques, ainsi que des transports.»



After discussion, it was unanimously agreed that the motion be permitted to stand and the Committee adjourned at 5:03 p.m. until Monday, June 16.

Après débat, il est décidé à l'unanimité de réserver la motion, et, à 5 h. 03 de l'après-midi, le Comité s'ajourne jusqu'au lundi 16 juin.

*Le secrétaire du Comité,*

R. V. Virr,

*Clerk of the Committee.*

[Texte]

## EVIDENCE

(Recorded by Electronic Apparatus)

Wednesday, June 11, 1969

● 1540

**The Chairman:** Gentlemen, there are a few questions that have come up since last night. I would like to get your opinion on them. Evidently, Defence will be at North Bay tomorrow; Transport and Agriculture are out of town; therefore, it is going to be rather difficult to get a quorum; also, there will be members who will probably want to ask questions of the Department of Regional Economic Expansion and who will be unable to be here.

We have a choice of meeting Thursday night instead of Thursday morning and afternoon, or Monday night. I am quite easy about this. I have spoken to Dave, who is on the Steering Committee, and we are pretty well in agreement that since we have a timetable to meet, the best way to do it is in such a way that all those who wish to express an opinion will have the opportunity to do so as conveniently as possible. Before we make a decision whether we will sit Thursday night, Monday night or even both nights, I would be glad to hear opinions on this.

**Mr. MacDonald (Egmont):** Mr. Chairman, I am most anxious that we sit on Monday night. Tuesday is the time that is allotted; we should be pretty well finished by then. As a holding action we could keep Wednesday open, perhaps, and definitely wind it up at that time.

**The Chairman:** You do not believe that enough boys will be back from North Bay by Thursday evening? Where are the Transport members going to be?

**Mr. MacDonald (Egmont):** No. I would not think they will be back by then. Transport is in committee all day, drafting their final report on their Atlantic trip. The Agriculture Committee is away and that has drawn 30 members out of the House. The External Affairs Committee is in North Bay, which draws another 30. Therefore, you have 90 members out of the picture right off the bat.

[Interprétation]

## TÉMOIGNAGES

(Enregistrement électronique)

Le mercredi 11 juin 1969

**Le président:** Messieurs, il y a deux questions qui ont surgi depuis hier soir et j'aimerais avoir votre opinion à ce sujet. Il est évident que demain, le Comité de la Défense nationale sera à North Bay, les Transports et l'Agriculture seront à l'extérieur. Alors, il sera assez difficile d'obtenir un quorum ou du moins, il y aura des membres du comité qui voudront poser des questions sur le récent développement au ministère qui ne seront pas présents. Nous avons le choix entre nous réunir jeudi soir au lieu de jeudi matin et jeudi après-midi, ou bien nous pouvons nous réunir lundi soir. Je veux être très souple quant à cette question. Au comité directeur, nous nous sommes mis d'accord que nous avions un horaire qui nous permettait de nous réunir au moment dit et la meilleure façon de faire serait de nous mettre d'accord afin que chacun exprime son opinion pour que l'on trouve la solution la plus satisfaisante possible. Alors, que nous décidions pour jeudi soir ou lundi soir ou que nous décidions de siéger ces deux soirées, nous aurons au moins pris une décision en connaissance de cause après avoir entendu les opinions émises par les distingués membres de ce Comité.

**M. MacDonald (Egmont):** Monsieur le président, je préférerais que nous puissions siéger lundi soir, mardi notre temps est pris. Nous pourrions aussi avoir une réunion mercredi si nous n'avons pas réussi à tout terminer.

**Le président:** Ne croyez-vous pas que suffisamment de membres seront de retour de North Bay, d'ici jeudi soir? Où se trouvera à ce moment-là le comité des Transports?

**M. MacDonald (Egmont):** Je ne pense pas qu'il sera de retour. Le Comité des transports prépare son rapport final de son voyage dans l'Atlantique et siège toute la journée et le Comité de l'Agriculture est à l'extérieur. Cela veut dire qu'il y a plusieurs membres qui sont absents. Il y a aussi le Comité des Affaires extérieures qui est absent. Donc, un grand nombre de députés de différents comités sont absents d'Ottawa.

[Text]

**The Chairman:** If there are no objections, Monday night is fine with me; we will forego the meeting on Thursday. Agreed?

**Some hon. Members:** Agreed.

**The Chairman:** Last night there were two or three members who did not get a chance to question the Minister...

**Mr. MacDonald (Egmont):** Are we meeting at all tomorrow, then or...

**The Chairman:** No.

**Mr. MacDonald (Egmont):** Excellent. So the next meeting will be Monday night at 8 o'clock.

**The Chairman:** Right. Last night there was a number of members who did not get a chance to question the Minister. We agreed that they would have first crack this afternoon. Mr. Laprise, I do not know whether or not you were finished questioning the Minister.

**M. Laprise:** J'aurais seulement une question à poser. Est-ce que le bill actuel s'étendra jusqu'aux territoires du Nord-Ouest et jusqu'au territoire du Yukon?

**Mr. Tom Kent (Deputy Minister of Regional Economic Expansion):** Mr. Chairman, the decisions on the designation of regions will not, of course, be made by the Governor in Council until the legislation has been passed by the House. However, in his general comments on the introduction of the Bill, I think the Minister said that his expectation was that the designation would be most of eastern Canada, and considerable parts of the other five provinces. He did not mention the Northwest Territories and the Yukon. The general presumption is that this is legislation which is intended to encourage the kind of secondary industry of which there would not, presumably, be a great deal in the Yukon and the Northwest Territories. In saying all that, I am just mentioning the considerations. No decision has been made nor will be made until the legislation is passed.

• 1545

**The Chairman:** Mr. St. Pierre, I think you are next.

**Mr. St. Pierre:** Thank you, Mr. Chairman. My questions are concentrated on one specific

[Interpretation]

**Le président:** Alors, je suis d'accord pour lundi soir. Est-ce que l'on est d'accord?

**Des voix:** D'accord.

**Le président:** Hier soir, il y a deux, trois membres qui n'ont pas pu poser leurs questions?

**M. MacDonald (Egmont):** Est-ce que nous nous réunissons demain?

**Le président:** Non.

**M. MacDonald (Egmont):** La prochaine réunion aura lieu lundi soir.

**Le président:** Hier, il y a certains membres qui n'ont pas pu poser au ministre les questions qu'ils désiraient. Nous nous sommes mis d'accord pour leur donner le premier tour au bâton cet après-midi. Alors, M. Laprise, je ne sais pas si vous aviez fini de poser des questions.

**Mr. Laprise:** I have only one question to ask. I would like to know if the present bill will cover the Northwest Territories and the Yukon too?

**M. Tom Kent (Sous-ministre, Expansion Économique Régionale):** Monsieur le président, la décision quant à la désignation des régions ne sera pas faite par le gouverneur en conseil tant que les mesures législatives n'auront pas été adoptées par la Chambre des communes.

Cependant, dans ses commentaires généraux, lorsqu'il a présenté le bill, je crois que le ministre Marchand a déclaré que l'on s'attendait à ce que les régions soient désignées et comprennent la plupart de l'Est du Canada et une bonne partie des régions de l'Ouest. Il n'a pas mentionné les Territoires du Nord-Ouest et le Yukon. Notre hypothèse, c'est que cette mesure législative vise à aider les industries secondaires qui sont presque inexistantes dans le Yukon. Mais je vous fait part simplement d'un propos du ministre. Il n'y a pas eu de remarques à l'effet que le Yukon et les Territoires du Nord-Ouest seraient compris dans ces mesures et on ne pourra pas prendre de décisions tant que la Loi n'aura pas été adoptée par la Chambre des communes.

**Le président:** Monsieur St-Pierre, vous êtes le suivant.

**M. St-Pierre:** Monsieur le président, mes questions portent sur un aspect particulier du



## [Texte]

point of the Bill, Clause 3, subclause (1) which reads:

3. (1) Subject to subsection (2), the Governor in Council, after consultation with the government of any province or provinces, may for the purposes of this Act by order designate as a designated region, for the period set out in the order, any region, comprising the whole of that province or those provinces...

This is what concerns me:

...or any portion thereof not less than 10,000 square miles in size, that is determined to require special measures to facilitate economic expansion and social adjustment.

The Minister, in a statement issued to the Committee, expanded on this slightly. I am sorry if my reading will not be too good on this because I have a French version, and I will have to translate from the French. Except in the particular case of Prince Edward Island, the law provides that a designated region ought to have at least 10,000 square miles. The reason for this choice is that—my French is failing me here; will you give me a hand?—this corresponds to an area 100 miles by 100, in which the central point will be no more than 50 miles from the perimeter. Actually, that is not entirely correct; a circle with the radius of 50 miles does not contain 10,000 square miles; however, that is neither here nor there.

My question is: why was this particular size of 10,000 square miles chosen?

**Mr. Kent:** Mr. Chairman, as I think the Minister has explained on a number of occasions, the government is very anxious, in introducing these very powerful incentives to industry, to avoid the patchwork effect of the designation of small areas under the existing ADA program. It is, therefore, considered important that the incentives operate in fair-sized regions rather than in small areas. The reason for this—and I am sure the Committee appreciates—is that even with incentives of the size of the present ADA ones, if there are small relatively isolated areas which are designated, or on the other side, if such areas are not designated, the disparity in treatment between the island that is or is not, as the case may be, in the surrounding territory; is a rather serious matter.

Therefore, the approach that is now being taken is a regional rather than an area one. It seemed desirable, therefore, to lay down some minimum size for the area which could be designated. There is no longer the intention to stick to rigid administrative boundar-

## [Interprétation]

bill. Il s'agit de l'article 3, paragraphe I, qui se lit ainsi:

3. (1) Sous réserve du paragraphe (2), le gouverneur en conseil, après consultation avec le gouvernement d'une ou plusieurs provinces, peut, aux fins de la présente loi, désigner par décret, à titre de région désignée, pour la période spécifiée dans le décret, toute région couvrant tout ou partie de ladite ou desdites provinces et dont la superficie n'est pas inférieure à 10,000 milles carrés, dans laquelle des mesures spéciales sont jugées nécessaires pour favoriser l'expansion économique et le relèvement social.

Dans la déclaration qui a été faite au Comité, on a donné des éclaircissements là-dessus. J'ai la version française et je dois traduire vers l'anglais. A l'exception du cas particulier de l'île du Prince-Édouard, la loi prévoit qu'une région désignée doit avoir au moins 10,000 milles carrés. La raison pour laquelle on a fait ce choix,—est-ce que quelqu'un ne pourrait pas m'aider à traduire? Mon français n'est pas assez bon,—Est-ce que cela correspond à une région de 100 milles par 100 milles dont le point central n'est pas à plus de 50 milles du périmètre? Cela n'est pas entièrement exact. Et bien, un cercle avec un rayon de 50 milles ne contient pas un carré de 100 milles par 100 milles. Pourquoi a-t-on choisi, de toute façon, ce 10,000 milles carrés?

**M. Kent:** Monsieur le président, comme le ministre l'a expliqué à différentes reprises, le gouvernement est très pressé de mettre en application ces stimulants à l'industrie. Cette mesure a été prise afin d'éviter la désignation de petites régions en vertu du programme ADA qui a connu certains problèmes qu'il faudrait éliminer en vertu de la nouvelle loi. Nous voulons que des stimulants fonctionnent et aident des régions d'une grandeur raisonnable plutôt que de simples petites parcelles de territoire. Le Comité se rend compte que même avec des stimulants d'envergure, tels qu'ils étaient contenus dans le programme ADA, il y a des petits endroits isolés qui sont désignés. Il y a des régions isolées, qui elles ne reçoivent pas d'aide.

En conséquence le point de vue que l'on a adopté, c'est de prendre une approche régionale plutôt qu'une approche locale. Ainsi, nous avons cru souhaitable d'établir des minimums quant à la superficie qui pourrait être désignée. Nous n'avons pas l'intention d'appli-

## [Text]

ies of the kind that were involved in the previous program, which essentially designated Canada Manpower Centre areas; by extension it could be done in certain circumstances for counties or census divisions.

Precisely because of the desire to have that flexibility in general, but at the same time to avoid a patchwork effect, it was felt that there should be some minimum size. What should it be? Ten thousand square miles was chosen for the reason that the Minister has indicated in the paragraph that you quoted, that it is a fairly firm, I think one might say, measure of the sort of area over which nowadays it is not uncustomary for people to travel to work. While it is true that the central point could be a little more than 50 miles from one extreme, by and large it means distances of up to 50 miles.

• 1550

**Mr. St Pierre:** Mr. Chairman, that answer makes a great deal of sense to me in terms of much of the area of Canada. In terms of British Columbia, however, I would suggest that it verges on nonsense. I would like to deal for a little time with the situation as it actually is in British Columbia, not with what maps may show.

I have taken the trouble to block out a 100 square mile area in a part of my riding. On the western extremity of this is a prosperous town and a coastal rain forest. Down the centre is a large mountain range. On the east is near-desert country, semi-arid country, and a little wet area.

When you speak of 50 miles being a normal distance for a person to travel to a work area, this is undoubtedly true. I have sketched out the distance between a town in the centre of this area, Pemberton, and the Town of Lillooet on the perimeter; the shortest distance by highway between those two points is 295 miles. I have sketched out another point here where two roads almost meet. They do not meet because there is a mountain in the middle; however, the gap is approximately 10 miles. The distance from one end of that road to the other is 355 miles. It is all very well to speak of avoiding patchwork effects, but God happened to make British Columbia in a patchwork with a great many mountains in it, and legislation in this form I think is totally unrealistic. To me it reads as if someone has seen a map of British Columbia but has not seen British Columbia.

## [Interpretation]

quer rigidelement ces frontières de 10,000 milles carrés. Nous avons un désir d'obtenir la plus grande souplesse possible tout en éliminant les effets de cataplasme. Nous croyons qu'il nous faut une aire minimum pour travailler. Nous avons cru que les 10,000 milles carrés devaient être choisis pour les raisons que le ministre a indiquées dans le paragraphe que vous avez cité. C'est une mesure assez utile. C'est un genre de région où il est possible aujourd'hui pour les gens de communiquer, de se rendre au travail assez facilement. Le point central serait plus ou moins à 50 milles de l'une des extrémités, mais disons qu'en gros, il est à environ 50 milles des extrémités.

**M. St-Pierre:** En ce qui concerne toutefois certaines régions du Canada et en particulier la Colombie-Briannique, je crois que cela approche du non-sens. Cela est absolument inapplicable. J'aimerais parler de la situation, telle qu'elle existe en Colombie-Britannique. Je crois que les régions de 100 milles par 100 milles. Dans ma circonscription, l'extrémité ouest possède une ville prospère, et des forêts côtières. Plus loin, il y a les montagnes, vers l'Est, c'est une région presque désertique, assez aride.

Lorsque vous parlez de 50 milles comme étant une distance normale que l'on peut franchir pour se rendre au travail, cela est sans doute vrai. Toutefois, j'ai pris la peine de délimiter les distances entre une ville qui est au centre de la région, Pemberton, et la ville de Lillooet au périmètre. La distance par le chemin le plus court, par la grande route entre ces deux points est 295 milles. J'ai fait d'autres calculs où deux routes se rencontrent presque mais enfin il y a une montagne entre les deux routes qui ne se rejoignent pas, la montagne étant de dix milles de large, la distance de l'un à l'autre point par ces routes est de 355 milles. C'est très bien de parler d'éviter des effets de cataplasme, mais Dieu a ainsi fait la Colombie-Britannique, montagneuse à souhait. Alors cette mesure qui existe dans sa forme actuelle ne tient pas compte de la situation de la Colombie-Britannique. Si quelqu'un avait une carte de la Colombie-Britannique, il me semble que les gens qui ont rédigé cette loi ont vu une carte de la Colombie-Britannique, mais ne l'ont pas étudiée.



## [Texte]

I would like to deal with some further examples. I have drawn a 50-miles circle around Ocean Falls. Ocean Falls in itself is a fairly prosperous community. It is a company town, a one-industry town, a pulp town. The people who live there are employed, otherwise they do not live there.

A fairly short distance away is Bella Bella, an Indian community of more than 1,000 people, 90 per cent of whom are on welfare much of the time. The distance to Bella Bella can only be covered by boat or plane. It is a fairly short distance, about 30 miles, but there are no roads whatsoever. There is Bella Coola, which is approximately 60 miles from Ocean Falls, and it is at the end of a road system which, after 300 miles of gravel road, finally connects to pavement far, far to the east. Another community is Rivers Inlet. The distance between Rivers Inlet and Bella Coola is 40 miles. There is no regular plane service between those two points. The normal method of travel is by boat through the fjords and the shortest distance is 120 miles. I would like Mr. Kent to explain to me how a 100-mile square, which may be reasonable on the Prairies or in Ontario, can be considered reasonable in a province such as British Columbia. It baffles me completely.

**Mr. Kent:** Mr. Chairman, I think it should first be made quite clear in case there is any misunderstanding that we are not necessarily talking about an area of 100 miles by 100 miles; it may be 200 by 50 or 1,000 by 10.

**Mr. St. Pierre:** It may be 1,000 by 10?

**Mr. Kent:** Sure. It is 10,000 square miles in the legislation. The Minister's reference to 100 by 100 was an illustration and in no way was it suggesting that the area has to be square. I think if you will look at the legislation you will see that the only specification shown there is a total area of 10,000 square miles. I can assure you that in suggesting that minimum the government was not ignoring the existence of mountains.

The whole approach to the region would imply that in almost all cases the areas actually designated will be considerably more than 10,000 square miles. The designation of a

• 1555

region will in fact follow natural geographical and communications areas in that sense. We will not hop across mountains, so to speak. In those terms, the sort of concepts that exist of the size of a region that might be designated would cover major regions in Brit-

## [Interprétation]

Un rayon de 50 milles au-delà de Ocean Falls, qui est elle-même une ville prospère, où il y a des papeteries. Ceux qui habitent là, y sont employés, autrement ils n'habiteraient pas là.

À très peu de distance, il y a Bella Bella, une ville indienne d'un peu plus de 1,000 habitants dont 90 p. 100 relèvent la plupart du temps des services de bien-être. Pour se rendre à Bella Bella on ne peut prendre que l'avion ou le bateau. Il y a à peu près trente milles. Il n'y a aucune route. Bella Coola qui est à peu près soixante milles de Ocean Falls est à l'extrémité d'un réseau routier où il y a 300 milles de gravelle qui relie la partie asphaltée à cette ville. Il y a aussi River's Inlet. Entre River's Inlet et Bella Coola il y a quarante milles. Il n'y a pas de service régulier d'avion entre ces deux points. La façon ordinaire de voyager c'est par bateau en passant par les fjords et il faut parcourir cent vingt milles. Monsieur le sous-ministre, pourriez-vous nous expliquer comment cent milles carrés peuvent être une superficie raisonnable dans le cas des Prairies ou de l'Ontario et peut l'être aussi dans le cas de la Colombie-Britannique? Cela m'abasourdit complètement.

**M. Kent:** Monsieur le président, je voudrais éliminer les points obscurs. Ne parlons pas d'une région de cent milles par cent milles, nécessairement. Il se peut que ce soit deux cent milles par cinquante milles ou 1,000 milles par 10 milles.

**M. St-Pierre:** 1,000 milles par 10 milles!

**M. Kent:** De toute façon il ne s'agit pas spécifiquement d'un territoire de cent milles par cent milles. Le ministre n'a pas dit que la région doit être absolument carrée. Tout ce qu'on mentionne dans la loi, le bill, c'est que le territoire doit avoir une superficie de 10,000 milles carrés. Je puis vous assurer que lorsque nous avons prévu ce minimum, nous n'avons pas laissé de côté la question des montagnes qui imposent des détours.

La façon d'aborder la question des régions implique presque dans tous les cas, les régions désignées qui pourront atteindre dans certains cas plus de 10,000 milles. La désignation d'une région suivra les frontières géographiques ou les moyens de communication. Nous ne pouvons pas sauter de montagnes, si vous me permettez de parler ainsi. De cette façon je concède que la superficie de la région qui peut être désignée comprendrait les grandes régions de la Colombie-Britannique. Cela



## [Text]

ish Columbia, which would present no problem at all in terms of the 10,000 square miles total area limitation.

**Mr. St. Pierre:** I suggest that it well might cause a problem with the 10,000 square miles limitation, Mr. Chairman, because some of the valley regions are extremely isolated from each other and from prosperous areas. I do not have the time to do it at the moment, but if I were to draw a 10,000 miles area of almost any shape which included Powell River, which on a per capita basis is one of the wealthier communities in this country, I would include areas where there are people who have never seen Powell River, and who would have to travel 1,000 miles if they did want to see it, and who are impoverished. Further, your statement really does not square with what the Minister said in the House on June 6, which is reported on page 9843 of *Hansard* as follows:

The reason behind this choice is that it represents an area 100 miles square, so that the centre is located about fifty miles from the boundary.

This does not admit a designated area to be 10 miles wide and 1,000 miles long.

**Mr. Kent:** Sir, the Minister was trying to illustrate—since 10,000 square miles is the sort of figure that most of us find a little difficult to get into our minds—the sort of size of area which represents 10,000 square miles. The legislation is absolutely clear. It is provided that the area shall not be less than 10,000 square miles. There is no limitation to its being 100 miles by 100 miles. One unit which is 10,000 square miles could be given as an illustration.

**Mr. St. Pierre:** He went further with the illustration, because, to proceed with his remarks, he said:

The ease with which one travels today thus makes readily available to the residents of an area of that size the job opportunities within such an area.

**Mr. Kent:** and that is...

**Mr. St. Pierre:** That is again quoting the Minister.

**Mr. Kent:** Yes. That is true, of course. Nowadays fifty miles is a fairly normal journey to work. We fully recognize that there are many places in mountainous country where communities that are 50 miles apart as

## [Interpretation]

ne présenterait aucun problème en ce qui concerne la superficie de 10,000 milles carrés qui est fixée comme limite.

**M. St-Pierre:** Cela pourrait causer des problèmes, cette limite de 10,000 milles parce que certaines des régions dans les vallées sont vraiment isolées l'une de l'autre, et des régions prospères aussi.

Je n'ai pas le temps de vous expliquer cela en détail, mais si je devais tracer une superficie de 10,000 milles, quelle que soit sa forme, autour de Powell River qui est l'une des régions les plus prospères du pays, je comprendrais des régions où il y a des gens qui n'ont jamais vu Powell River et qui devraient faire 1,000 milles pour s'y rendre, et qui souffrent de la pauvreté. Votre énoncé n'est donc absolument pas conforme avec ce que le ministre a dit dans le *hansard*, à la page 9843:

La raison qui motive le choix de cette superficie est que cette dernière correspond à 100 milles par 100, de sorte que le point central est situé à une cinquantaine de milles du pourtour.

Cela ne comprend pas des régions de dix milles de large et de 1,000 milles de long.

**M. Kent:** Le ministre a tenté simplement d'illustrer la question, d'apporter des éclaircissements et de donner une idée de ce dont il s'agissait. Bien entendu, il a montré le genre de régions qui ont une superficie de 10,000 milles. La loi est absolument claire. La disposition dit que la région ne doit pas être inférieure à 10,000 milles carrés de superficie, que ce soit 100 milles par 100 milles, dans un des cas, mais il s'agit en fait de 10,000 milles carrés et le 100 milles par 100 milles n'était donné qu'à titre d'exemple.

**M. St-Pierre:** Alors je poursuis mes remarques. Le ministre a dit aussi:

La facilité avec laquelle on voyage aujourd'hui rend donc facilement accessible, aux résidents d'une région de cette dimension, les possibilités qui se présentent à l'intérieur de cette région.

**M. Kent:** Et cela...

**M. St-Pierre:** Je cite encore une fois le ministre.

**M. Kent:** C'est exact ce que disait le ministre à ce moment-là. Cinquante milles représente un trajet normal pour se rendre à son travail. Nous reconnaissons que dans les régions montagneuses il y a des endroits qui

[Texte]

the crow theoretically flies, so to speak, are much more than . . .

**Mr. St. Pierre:** And they seldom make it themselves.

**Mr. Kent:** Quite, they are much further apart than that, and an impossible distance in terms of actual travel. Obviously, in specifying a minimum size, the object was to specify something that would provide a reasonable minimum in the various circumstances of different regions of the country. If I may repeat myself, it is not intended—to use the Minister's phrase again—to do patchwork designations of small areas.

If a small area is as isolated as some of the examples you suggested, then it is unlikely that secondary industrial incentives of this kind are likely to be the solution to its problems. This is not to say that government action may not be needed to attempt to lessen poverty, or whatever it may be, in those areas but this particular legislation is not designed for those situations, it is designed for industrial situations.

**Mr. St. Pierre:** Is that not a choice that you could permit industry to make? If in their opinion a small and isolated area was too isolated, they would not move there not matter what incentives you offered them.

• 1600

**Mr. Kent:** There might be a marginal case where, under the influence of a very strong incentive, an industry might be tempted to move to a very isolated location and then have considerable difficulty in surviving.

**Mr. St. Pierre:** Mr. Chairman, I am grateful for some of the explanations that have been offered. However, I am still not satisfied with the way Clause 3 reads and I wish to move an amendment to that clause. I do not know if you would like me to do it now or when we are considering the bill clause by clause.

**The Chairman:** I think we will wait, Mr. St. Pierre, until we get through the general questioning and then we will start in on the bill.

**Mr. St. Pierre:** Fine. Thank you.

**The Chairman:** Mr. Foster.

**Mr. MacDonald (Egmont):** Mr. St. Pierre has indicated he is going to move an amendment. Could we have some idea of what it is so that

[Interprétation]

sont distants de cinquante milles mais qui ne peuvent pas être atteints facilement.

**M. St-Pierre:** Et qui le sont peu souvent.

**M. Kent:** La distance enfin entre ces deux points est beaucoup plus longue lorsque l'on tente de joindre les deux villes par une route n'établissant une superficie minimum. On voulait préciser une superficie qui fournirait un minimum raisonnable dans les différentes circonstances dans le cas des différentes régions du pays. En outre, on ne voulait pas en tout cas faire des cataplasmes, si on me permet le mot, c'est pourquoi on désire avoir des régions assez grandes.

Dans les exemples que vous avez mentionnés, il est peu probable que des industries secondaires puissent recevoir des stimulants qui puissent aider la région, ce qui ne veut pas dire que des mesures du gouvernement ne soient pas nécessaires pour venir en aide à la région pour diminuer la pauvreté, mais la présente mesure législative n'a pas pour but d'éliminer la pauvreté mais plutôt de favoriser les possibilités d'emploi productif.

**M. St-Pierre:** C'est un choix que vous refusez aux industries. Si les régions sont isolées, les industries s'y rendront peut-être quand même avec l'aide que vous leur fournirez.

**M. Kent:** Il peut y avoir des cas spéciaux qui, sous l'influence de stimulants spéciaux, où l'industrie pourrait peut-être tenter de se rendre dans un endroit isolé si on lui favorisait certaines installations, mais il y a aussi les difficultés d'y survivre dont il faut tenir compte.

**M. St-Pierre:** Monsieur le président, je remercie le sous-ministre pour ces explications, mais je ne suis quand même pas complètement satisfait de la rédaction de l'article 3 tel qu'il est rédigé. Je voudrais proposer un amendement à cet article. Je ne sais pas si le moment est venu de le faire ou au moment où nous étudierons ça, article par article.

**Le président:** Je pense que nous attendrons monsieur St-Pierre d'en arriver aux questions générales, lorsque nous étudierons le bill en général.

**M. St-Pierre:** Très bien, merci.

**Le président:** M. Foster.

**M. MacDonald (Egmont):** M. St-Pierre dit qu'il voulait proposer un amendement. Pouvons-nous avoir une idée de sa teneur?



[Text]

we can at least think about it until we get to it?

**Mr. St. Pierre:** I can pass it around, if you wish.

**Mr. Foster:** Mr. Chairman, my question of the Deputy Minister relates to the resource-based industry which we dealt with last night. The Minister mentioned that they did not want to be paying incentives from the "have" areas of Canada into the "have-not" areas to establish industries in the depressed areas to compete with those in the more developed areas.

In this connection, my riding of Algoma in northern Ontario was designated under the old ADA program and as such has been eligible for up to \$5 million of industrial incentives.

The Department of Lands and Forests has been trying to encourage a pulp-and-paper mill to come to the area of Blind River. They have limits. They have something like 1 million acres. To get the maximum value out of the wood fibre that is there they have closed these limits for the saw mill that is there, and it is closing down this year. We now have the situation that many people will be unemployed, and yet they have not so far been able to attract a pulp-and-paper mill to this area.

With these new limits we thought this would be just the thing and that perhaps with the additional \$7 million worth of incentives we would be able to attract a company to this area. However, I read a report in the *Globe and Mail*, when the Minister first introduced this Bill, that pulp-and-paper companies and mines would be excluded from the incentives.

Can you clarify this? Is it a ministerial decision that these would be excluded in this case, or is there some hard-and-fast rule that will prevent incentives being paid in a situation such as I have described?

**Mr. Kent:** I have to answer that in two parts, I think. In the case of mines there is no question at all. They are excluded from the terms of the legislation here, just as they are under the existing ADA program, on the principle to which the Minister referred—that the location of a mine really depends on the existence of an ore body. The distribution of ore bodies is not really related to whether or not a region is, in general, one of poor employment opportunities, and it would probably be rather unfair to provide a location incentive to a mine in one part of the country at the expense of the people elsewhere.

[Interpretation]

**M. St-Pierre:** Je vais vous le soumettre.

**M. Foster:** Ma question, monsieur le président, a trait à l'industrie basée sur les ressources, dont nous avons parlé hier soir. Le ministre a mentionné qu'ils ne voulaient pas payer une prime aux régions défavorisées de façon à établir des industries dans ces régions pour faire de la concurrence avec les industries des régions qui sont plus développées.

En ce qui concerne cette question, ma division d'Algoma dans le nord de l'Ontario a été désignée en vertu du programme ADA et ainsi a eu droit à des avantages financiers pour l'expansion de l'industrie, jusqu'à un maximum de 5 millions de dollars.

Le ministère des Terres et Forêts a essayé de favoriser l'installation d'un moulin de pâtes et papier à Blind River. Ils ont une limite de 1 million d'acres. Afin d'obtenir la valeur maximum de la fibre de bois, ils veulent fermer la scierie cette année. Donc beaucoup de gens seront en chômage et jusqu'à maintenant ils n'ont pu installer un moulin de pâtes et papier dans cette région. Avec ces nouvelles limites, et les 7 millions de dollars de prêts, nous pensions qu'il serait possible d'installer une compagnie dans la région. J'ai lu un rapport dans le *Globe and Mail*, lorsque le ministre a présenté ce projet de loi, qui disait que l'on ne garantirait pas des prêts aux compagnies de pâtes et papier ni aux mines. Pourriez-vous éclaircir la situation? Est-ce une décision ministérielle ou existe-t-il une règle qui empêche que l'on garantisser un prêt aux industries dans la situation que je vous ai décrite.

**M. Kent:** Il faut que je réponde en deux fois. En ce qui concerne les mines, il n'y a aucun doute. Elles sont exclues aux termes de la loi, tout comme en vertu du programme ADR. Comme l'a mentionné le ministre, on se base sur le principe suivant, à savoir que la location d'une mine dépend de la présence d'un gisement. La distribution d'un gisement ne dépend pas du fait qu'une région assure ou non de rares débouchés sur le plan du travail et ce serait injuste de garantir un prêt pour la location d'une mine dans une région du pays, aux dépens des gens d'une autre région.



## [Texte]

The case of the mine proper obviously extends over to the initial processing. In the mere concentrating of the ore before you start to do any smelting, or whatever be the method of extraction of the metal from the ore the initial processing, in the sense of the concentrating stage and getting down to the ore profit, there is no chemical stage. That is initial processing. The next stage in mining is the chemical change from the sulphide, or the oxide, or whatever it may be, into the metal. That is not initial processing. That is getting on to the processing proper, and is included in the operations which may receive incentives under this legislation.

## • 1605

There are really two marginal cases, both of which I think the Minister has mentioned: one is pulp-and-paper and the other is petroleum-refining. In the case of pulp-and-paper, what is pulp-and-paper's initial processing in the sense that it is not a chemical change? Obviously, in the case of newsprint—ground wood pulp—essentially what you do is churn up the wood itself without a chemical change. In the case of so-called chemical pulp, of course, you use chemical methods to extract—to separate—the two main chemical components of wood, cellulose on the one side and lignin, or something, on the other, and whether or not pulp-and-paper should be regarded as initial processing I think is obviously something that could be argued both ways.

The Minister has indicated that he is inclined to think that probably it would be included in the definition of initial processing and therefore excluded. It was included in the present legislation and the incentives to pulp-and-paper played a very large part, and were a very large item, in the total expenditures under the program. The effect of providing that incentive on a universal basis has been in some cases to spend public money to support developments which undoubtedly would have taken place in any event. This view has been expressed on behalf of the Pulp and Paper Association and by all sorts of people.

On the other hand, we recognize that some developments involving pulp-and-paper are essential to the development of an area that has no other, or relatively few other, strong bases for development and where an incentive is needed. Those cases, as also the case of the concentration in mines, can be covered, as I think the Minister mentioned last night as on other occasions, under the general departmental legislation.

## [Interprétation]

Le cas de la mine même s'étend au traitement initial. Dans la concentration du minerai, avant de procéder à la fonte, quelle que soit la méthode utilisée pour l'extraction du métal, le premier procédé est l'étape de la concentration, puis vient ensuite l'extraction du minerai; il n'y a pas d'étape chimique dans tout cela. L'étape suivante dans l'exploitation minière, est la transformation chimique des sulfures ou oxydes en métal. Cela ne fait pas partie du traitement initial. Il y a ensuite le traitement proprement dit qui peut faire partie des opérations pour lesquelles on accorde des subventions en vertu de la loi.

Il y a deux cas marginaux que le ministre je crois, a mentionné: le premier est celui des pâtes et papier et l'autre du raffinage du pétrole. Dans le cas des pâtes et papier, quel est le processus initial? Dans le cas du papier journal vous ne faites que râper le bois sans transformation chimique. Dans le cas de la pâte chimique, vous utilisez des procédés chimiques pour séparer les deux principaux composants chimiques du bois, c'est-à-dire la cellulose, d'un côté et la lignite de l'autre, mais que la transformation des pâtes et papier constitue le processus initial, c'est à discuter.

Le ministre a indiqué que l'on a tendance à penser que cela serait inclus dans la définition de traitement initial, puis exclu. Mais c'était inclus dans la loi actuelle et les subventions accordées à l'industrie des pâtes et papier ont été très importantes au point de vue des dépenses, en vertu du programme. L'attribution des subventions sur une base universelle a amené la dépense de l'argent du public, l'encouragement à l'expansion qui aura tenu lieu de toute façon. Cette opinion a été exprimée au nom de l'Association des pâtes et papier et par bien des gens.

D'autre part, nous nous rendons compte que l'expansion des industries de pâtes et papier est essentielle à l'expansion d'une région, qui n'a pas d'autres possibilités d'expansion et où il faut des subventions. Ces cas, ainsi que le cas de la concentration des mines peuvent être étudiés comme l'a mentionné le ministère hier soir dans le cadre de la législation générale du ministère.

## [Text]

The feeling has been that this general program, with the levels of incentives provided here, should not be provided for initial processing or, of course, the primary activity itself, obviously, but that where incentives for those activities are essential to development in an area, the better way to deal with it is specifically to treat those as special cases and to designate special areas in that case under the departmental legislation. In that case the support can be provided under that authority, treating them as special cases rather than as automatically eligible for some support under this legislation.

**Mr. Foster:** It seems to me this legislation is basically to spread the economic expansion enough to provide jobs. Here we have an example of a saw mill industry closing down and putting some 350 people out of work. If the legislation will not assist in establishing a pulp-and-paper mill, which the provincial officials are demanding be established there to reallocate the limits, then the legislation is pretty much of a flop in this case.

• 1610

**Mr. Kent:** Unless it be the case that the establishment of a pulp-and-paper plant in that particular case would, in fact, occur without the provision of this incentive.

**Mr. Foster:** We have now been waiting for two or three years for it to occur, and it has not.

**Mr. Kent:** On the other hand, apart from the stimulation of the incentives perhaps, this has been a relatively slack period for pulp and paper markets over the last few years until very recently when the situation was showing signs of turning around.

**Mr. J. Teeter (Director, Industrial Incentives Branch):** Mr. Foster, I think there were some technical considerations involved in this issue as well. We have, of course, talked to several potential firms that were interested in the proposition. We have talked to them in co-operation with the Ontario Government; there were Finnish interest, there were American interests and so on, and in each case they either decided not to go ahead or they intend now to locate elsewhere in Canada. In each instance it seemed that there were perhaps some particular difficulties in the type of wood, the raw material that was available for the particular purpose to which they wanted to put the pulp mill. I think there were some technical considerations, disadvantages.

**Mr. Foster:** This is one of the problems, but at the same time people in the Ontario Department of Lands and Forests tell me that the main problem is capital as well. And with

## [Interpretation]

On a pensé que ce programme général sur les niveaux de subventions prévues ici ne devrait pas s'appliquer au traitement initial, mais, lorsque des subventions pour ces opérations sont essentielles au développement d'une région, la meilleure façon d'agir est de traiter ces cas comme des cas spéciaux et de désigner des régions spéciales dans ce cas aux termes de la législation du ministère. On peut donc fournir un encouragement et traiter ces cas comme des cas spéciaux et non comme ayant droit automatiquement à un appui selon la loi.

**M. Fosier:** Il me semble que cette loi étendra l'expansion économique pour fournir du travail. Nous avons ici l'exemple d'une scierie qui ferme ses portes et par conséquent met à pied 350 personnes. Si la loi n'aide pas à installer une usine de pâtes et papier à cet endroit comme le demandent les fonctionnaires provinciaux, elle n'a aucun sens.

**M. Kent:** A moins que l'établissement d'une usine de pâte et papier dans ce cas particulier aurait lieu sans cette disposition concernant les subventions.

**M. Foster:** Nous avons attendus 2 ou 3 ans pour que ceci se produise et ça n'a pas encore eu lieu.

**M. Kent:** D'un autre côté, il y a eu une période de ralentissement dans l'industrie des pâtes et papier depuis quelques années jusqu'à récemment, lorsque la situation a commencé à changer.

**M. Teeter (directeur, Direction des subventions à l'industrie):** Monsieur Foster, je crois qu'il y a aussi des questions d'ordre technique. Nous avons parlé à plusieurs firmes qui s'intéresseraient éventuellement à cette proposition. Nous leur en avons parlé en collaboration avec le gouvernement de l'Ontario; il y avait des intérêts finnois, des intérêts américains aussi, et, dans chaque cas, ils ont décidé soit de ne pas poursuivre, soit de s'installer ailleurs au Canada. Dans chaque cas, il semblait y avoir des difficultés avec le type de bois, la matière première qui était disponible. Il y avait aussi des questions d'ordre technique qui faisaient partie de cela et qui ont donné lieu à ces problèmes.

**M. Foster:** Oui, c'est l'un des problèmes, mais les gens du ministère des Terres et Forêts de l'Ontario ont aussi des problèmes de capitaux. Et avec ces subventions supplé-



*[Texte]*

these improved incentives, if this is made available, it might be just enough to tip the scale.

Mr. Deputy Minister, you mentioned there would be provision under the act itself for special areas.

**Mr. Kent:** Under the departmental legislation.

**Mr. Foster:** Under the departmental legislation. Are the amounts of the incentives the same under this as they are under this Bill C-202?

**Mr. Kent:** No, sir. The amounts of the incentives that can be provided under the departmental legislation in some ways are much broader than these; that is to say, they are not confined to the type of capital grant incentives covered here. They can be grants of that kind; they can be loans; they can be grants in respect of operating costs during the first three years, or they can be guarantees of commercial loans. The amounts are not specified because the whole approach here is that these would be special cases. Of course the actual amount in each special case would require the approval of the Governor in Council and the Treasury Board before it was decided.

**Mr. Foster:** Is there any maximum under the special grants?

**Mr. Kent:** No, sir.

**Mr. Foster:** During the past year or this year, could you tell me what the total capital budget would be under this Bill, or what you envisage? It seems to me \$12 million is a lot of money as a maximum for this and several projects. What sort of capital budget do you expect will be required to make this legislation viable in function?

**Mr. Kent:** The provision in Estimates this year for expenditures under the existing program is, if I recall right, \$49 million. The Minister has said that he anticipates that the expenditures under this program will be—I think his adverb was “substantially” was it not?—anyway, quite a good deal larger.

**Mr. Foster:** Did you say \$49 million?

**Mr. Kent:** Yes, \$49 million. That is what is in this year's, the current year's estimates. His expectation is certainly that the rate of activity under this program will be a good deal higher. Of course, as you will appreciate, there is a time lag between the approvals of projects under legislation of this kind and the actual expenditures. The expenditure levels

*[Interprétation]*

mentaires, cela pourrait faire pencher la balance.

Monsieur le sous-ministre, vous avez mentionné qu'il y aurait des dispositions dans la loi elle-même concernant les régions spéciales.

**M. Kent:** Dans la législation du ministère.

**M. Foster:** Dans la législation du ministère. Est-ce que les sommes des subventions sont les mêmes dans le cadre de cette loi que dans celui du bill C-202?

**M. Kent:** Non, monsieur. Les sommes des subventions qui peuvent être fournies dans le cadre de la législation ministérielle sont beaucoup plus larges. C'est-à-dire qu'elles ne sont pas limitées au genre de subventions d'équipement qui figurent ici. Il peut y en avoir de ce genre, il peut y avoir des prêts, il peut y avoir des subventions pour les frais d'exploitation pour les trois premières années, ou des garanties commerciales. Les montants ne sont pas spécifiés parce que le type général est qu'il s'agit de cas particuliers et que la somme, dans chaque cas particulier, aura besoin de l'approbation du gouvernement en conseil et du Conseil du trésor.

**M. Foster:** Est-ce qu'on a prévu un maximum pour les subventions spéciales?

**M. Kent:** Non, monsieur.

**M. Foster:** Au cours de l'année dernière, ou de cette année, je me demande si vous pourriez me dire quel a été le budget d'équipement total dans le cadre de ce bill? Il me semble que 12 millions, c'est beaucoup d'argent, en tant que maximum. De quelle sorte de budget en capital avez-vous besoin pour rendre cette législation viable?

**M. Kent:** Les prévisions pour les dépenses, cette année, dans le cadre du programme actuel sont de 49 millions, si je me souviens bien. Le ministre a dit qu'il prévoit que les dépenses, dans le cadre dans ce programme, sont, je crois, substantiellement plus importantes, n'est-ce pas?

**M. Foster:** Vous avez dit 49 millions?

**M. Kent:** Oui, 49 millions, pour cette année, pour les prévisions de cette année. Et il s'attend à ce que le taux d'activités dans le cadre de ce programme soit bien plus élevé. Bien sûr, comme vous vous en rendrez compte, il y a un décalage dans le cadre de l'approbation des projets, dans le cadre de la législation de ce genre, et les dépenses proprement dites,



[Text]

really reflect the approval levels about two years later.

**Mr. Foster:** I see.

**Mr. Kent:** But the implication of what the Minister has said is that by two years from now—and the activity takes place right away if Parliament decides to go ahead but in terms of a charge on the budget there is an average of about a two-year time lag—the level of expenditures as a result of this program would be—I think the word was substantially, was it not?—substantially greater.

• 1615

**Mr. Foster:** It is just a political word. This represents projects which were initiated a couple of years ago, then?

**Mr. Kent:** The current level, yes—though perhaps I should say that while the level, an approvals level of \$49 million—of that order of magnitude—was reached under the ADA program a couple of years ago, for the best part of two years after that, it showed very little change in the level of approvals. There has been a bit of a flurry of activity in the last little while because we are nearing the end of the relevance of the present program.

**Mr. Foster:** Will the Department still continue to undertake the type of study which was used in the FRED program—a sort of planning type of study for an area—to determine what sort of activity or industry should be brought in in order to increase regional economic expansion?

**Mr. Kent:** We will certainly be prepared and be eager to make any studies that are called for for that purpose. In industrial development, though, on the whole the provinces are for the most part quite active in this field and we would expect to complement what they do, to fill in the gaps, rather than to rush in and do a great deal ourselves which would be in any way duplication of effort.

The planning done under the FRED program itself was, of course, for rural areas, including any industrial opportunities in rural areas, but the emphasis was on so-called comprehensive planning to try to look at every problem of an area and devise a plan of action to cover the whole field.

In terms of getting on with things, getting things done, that though a valuable process can also be a rather slow one and the Minister, I think, has indicated that we would be putting a rather higher priority in the first phase on plans for some urban areas where a

[Interpretation]

les niveaux de dépenses reflètent le niveau de l'approbation quelque deux ans plus tard.

**Mr. Foster:** Je vois.

**M. Kent:** Mais, d'après ce que le ministre a dit, il y aura un décalage d'environ deux ans et, d'ici deux ans, le niveau de dépenses à la suite de ce programme sera substantiellement plus important. C'est bien le mot «substantiellement» qu'on a employé, n'est-ce pas?

**M. Foster:** Ce n'est qu'un mot politique. Cela représente alors des projets qui ont été entrepris il y a deux ou trois ans?

**M. Kent:** Je devrais dire peut-être qu'un niveau d'approbation de 49 millions avait été atteint dans le cadre de l'ADR, il y a deux ans, et il y a eu peu de modifications au cours des deux années qui ont suivi. Il y a eu un peu d'activités supplémentaires récemment, parce qu'on arrive à la fin de ces programmes.

**M. Foster:** Est-ce que le ministère continuera à entreprendre le genre d'études qui a été utilisé dans le cadre du programme FODER, une étude de planification d'une région pour déterminer quel genre d'activités ou d'industries seraient ou devraient être implantées afin d'accroître l'expansion économique de la région?

**M. Kent:** Nous serons certainement prêts à faire toutes les études nécessaires. Et en ce qui concerne le développement industriel, les provinces sont assez actives dans ce domaine; nous voulons compléter ce qu'elles font pour combler les lacunes, plutôt que de nous jeter à l'eau et entreprendre l'étude des choses de notre propre initiative, ce qui ne ferait que double emploi.

Il y a ensuite la planification faite dans le cadre de FODER pour les régions rurales, mais l'accent a été mis sur la planification globale pour essayer de voir tout le problème d'une région et avoir une sorte de plan qui couvrirait tous les aspects du problème.

Maintenant, en ce qui concerne l'accomplissement, ce sera un processus assez lent, et le ministre a indiqué, je crois, que nous accorderons une priorité plus élevée, à la première phase, au plan pour des régions urbaines où une bonne réaction aux subventions indus-

[Texte]

good response to the industrial incentives might be expected, and there would therefore be a heavy call for further urban services of all kinds and we would be prepared to make joint plans with provinces to enable those services to be provided. That is comprehensive planning in terms of all the types of services involved, but it is a good deal simpler and faster than the sort of planning studies that were conducted for the FRED plans.

In remoter areas, the planning needed is a somewhat slower job, but we do hope, by concentrating on the essentials, the things where we really expect we can do something, to speed up the process a bit compared with what it has tended to be in the past.

In other words, we do expect to be operating in some ways rather differently from the FRED-type planning, but certainly in principle we are prepared to do all the studies that are necessary.

**Mr. Foster:** You mentioned these essential services of the infrastructure. Is it your plan to provide assistance to develop these services with the hope of getting an industry, or will you only give this sort of assistance where a tentative or a proposed industry is already committed to establish there?

**Mr. Kent:** I cannot give a simple answer to that, I apologize, because it does depend on the circumstances of the region and the province. We are in the process of discussions with several provinces about plans of this kind, and as one would expect, we welcome the emphasis as between urban areas where it is pretty clear there is going to be industrial growth and smaller urban areas where it is not so certain and yet it is important for various reasons to obtain some early improvement in the community infrastructure. The emphasis as between those two cases is going to vary quite a bit from province to province, as it should, because we are trying to respond as flexibly as we can to the different needs in the different regions.

● 1620

**Mr. Foster:** In one of the areas in the eastern provinces, I have heard complaints there that there was not much local involvement in the planning of the actual project and that it was sort of going ahead in a vacuum; that it is being provided by the federal government but that local people are not involved and do not feel this is their project. Is there any plan to try to get more feeling of local participation?

**Mr. Kent:** Yes. The case you are referring to might well be northeast New Brunswick.

[Interprétation]

trielles serait obtenue, et nous sommes prêts à faire des plans conjoints avec les provinces pour que les services nécessaires soient fournis. C'est là la planification globale concernant tous les services impliqués, mais c'est beaucoup plus simple et beaucoup plus rapide que le genre d'études de planification que l'on a fait dans le cadre du programme FODER.

Dans les régions éloignées, la planification est plus lente, mais nous espérons qu'en nous concentrant sur l'essentiel, les endroits où nous espérons vraiment pouvoir faire quelque chose, cela se fera plus rapidement que par le passé.

En d'autres mots, nous espérons pouvoir fonctionner d'une façon différente que dans le cadre de la planification du genre FODER, mais nous sommes prêts, bien entendu, à faire toutes les études nécessaires.

**M. Foster:** Vous avez parlé de ces services essentiels de l'infrastructure. Est-ce que vous prévoyez pouvoir aider à développer ces services pour attirer une industrie, ou est-ce que vous les développerez là où une industrie envisage de s'implanter?

**M. Kent:** Je ne peux pas vous donner une réponse simple à cette question; je m'en excuse. Cela dépend des conditions de la région et de la province. Nous sommes en train de discuter avec différentes provinces des plans de ce genre et, comme on s'y attend, on met l'accent sur les régions urbaines où il y aura une croissance industrielle, de toute évidence, et aussi dans les régions urbaines plus petites où, bien qu'on ne soit pas sûr de la réaction, tout au moins, c'est nécessaire pour l'amélioration de l'infrastructure de la collectivité. Donc, l'accent va sur ces différents aspects et variera d'une province à l'autre. Donc, il est assez difficile de répondre d'une façon uniforme, car les besoins varient d'une région à l'autre.

**M. Foster:** Dans l'une des régions des provinces de l'Est, j'ai entendu des plaintes, parce qu'il n'y avait pas beaucoup de participation locale à la planification, aux projets, que l'on travaillait dans le vide, que le gouvernement fédéral faisait quelque chose, mais que les personnes, localement, ne participaient pas au programme. Est-ce que l'on essaie d'avoir une participation locale plus importante?

**M. Kent:** Oui. Le cas dont vous venez de faire mention pourrait bien être celui du



## [Text]

We are carrying out a complete review of that plan at the moment. It is in its early stages at present. Part of the terms of reference of the review are to try to devise ways in which this local involvement could be improved. I am sure I do not need to say that it is a very difficult thing to do. It is easy enough to ask people what they would like but within the inevitable financial limitations that, in itself, does not get one very far.

The problem is that among the things, any one of which would be pleasant and useful, are the ones that deserve the highest priority. This is a process in which it is hard to get local involvement because, perfectly naturally, we all want the things that bear most directly on our particular areas. But still, in spite of that, we feel it is most important to get as conscious active participation as possible. We are doing this, of course, as a joint review with the provinces. We are trying together to devise some more effective process of talking to people that would produce that result.

**Mr. Foster:** You have the Atlantic Development Council there which is made up of local people. For example, if most of northern Ontario were designated, would it be your intention to set up a Northern Ontario development council, or is this Atlantic Development Council a special case and only applies to that one area?

**Mr. Kent:** The Atlantic Development Council is a special case in the sense that the broad region there covers four provinces, therefore there is perhaps more need for some sort of unifying body than there is within one province. We are concerned with anything that we do of this kind, whether it be within one province or affects a number of provinces. This should be done in close agreement with the provincial government or governments. This of course is why we were careful to provide in respect of the Atlantic Development Council, which has not been true of the Atlantic Development Board, that there would be consultation with the provinces as well as with other organizations on the appointment of the members and so on.

We felt that it was perhaps important to try to get experience from the workings of that Council before, so to speak, rushing to set up councils for what are really perhaps the less difficult cases where the whole region is within one province. I think the Minister has indicated that certainly he in no way has a closed mind against setting up such councils—through probably, and this was the decisive reason for not providing specifically for

## [Interpretation]

nord-est du Nouveau-Brunswick. Nous sommes en train de faire un examen complet de ce programme. L'examen en est à ses débuts. Une partie du mandat de cet examen consiste à trouver des moyens d'améliorer la participation locale. Je n'ai pas besoin de vous dire que c'est une chose très difficile à faire. Il est assez facile de demander aux gens ce qu'ils veulent, mais dans les limites financières inévitables, cela ne va jamais très loin, en soi.

Le problème est, qu'entre ces choses, qui sont toutes agréables et utiles, il faut établir un ordre de priorité. C'est un processus dans lequel il est difficile de faire participer la population locale parce que nous voulons tous des choses qui influencent directement sur notre région. Mais il importe aussi, malgré cela, d'encourager une participation aussi active que possible. Nous travaillons évidemment en collaboration avec les provinces. Nous nous efforçons de trouver un processus plus efficace de dialogue qui nous permettrait d'atteindre ce résultat.

**M. Foster:** Il y a le Conseil de développement de la région de l'Atlantique qui est composé de gens de la région. Si le Nord de l'Ontario était désigné, est-ce que vous auriez l'intention de créer un Conseil de développement du nord de l'Ontario, ou est-ce que le cas du Conseil de développement de la région de l'Atlantique est un cas particulier qui ne s'applique qu'à cette région?

**M. Kent:** Ce Conseil est un cas particulier en ce sens que cette région couvre quatre provinces; il est donc nécessaire d'avoir un organisme central, ce qui n'est pas le cas pour une seule province. Nous nous soucions que tout ce que nous faisons en ce sens que ce soit au sein d'une province ou affectant un nombre de provinces soit fait en collaboration étroite avec les gouvernements provinciaux. C'est pour cela que nous avons pris soin de prévoir pour ce Conseil du développement de la région de l'Atlantique, qu'il y ait des consultations avec les provinces et autres organisations avant de nommer les membres et ainsi de suite, ce qui n'existait pas dans le cas de l'Office d'expansion économique de la région Atlantique.

Nous avons pensé qu'il serait important de voir comment fonctionne ce Conseil avant de se précipiter et de constituer d'autres conseils dans les moins compliquées où la région correspond exactement aux limites d'une province. Je crois que le ministre a indiqué qu'il ne s'oppose aucunement à ce qu'on établisse de tels conseils, bien qu'il semble que ce soit probablement la raison pour laquelle nous ne l'avons pas prévu dans la loi; il nous a semblé



[Texte]

that in the departmental legislation, we felt that where it was within one province it would probably be important that it be a joint federal-provincial council, actually appointed jointly by the two rather than a federal council, which the Atlantic Development Council is even though it consults with the provinces we take the responsibility for it.

• 1625

**Mr. Foster:** Thank you very much, Mr. Kent.

**The Chairman:** That brings the first round of general questions to a close. A couple of members have indicated that they would like to ask more questions. Because we are going to stand Clause 2 for the time being and proceed on into the bill I wonder if your questions could not be answered as we examine the bill clause by clause.

**Some Hon. Members:** Agreed.

**The Chairman:** I will say on behalf of Mr. Marshall who was very kind to us last night that perhaps he did not have much time to ask questions. If you have a short question, Mr. Marshall, even though we have agreed to proceed in another way, I would ask you to put it.

**Mr. Marshall:** I have only one short question. Mr. Kent, the stage is set, we have the environment provided through the Act, and there is a designated region. Who takes the initiative on asking an industry to come into a designated region?

**Mr. Kent:** It can happen three ways. The first and the most common—unless enterprise loses its virility, so to speak, one would expect this is how it should be and always would be—is simply that the industry or the company that is interested comes to us and inquires about whether the project it is interested in would likely be eligible for an incentive.

**Mr. Marshall:** Mr. Kent, what I am getting at is that some industries might not want to go into an area, even though it is designated, because of transportation costs and other things.

**Mr. Kent:** There are two things that influence that. First of all, all the provinces are very actively in the business of searching out industrial prospects—companies that could be interested in moving into that particular province. Where it is a province which as a whole or in considerable part is included in the designated region then of course one of the first things they do in looking for such companies is to talk to them about the incen-

[Interprétation]

que lorsqu'une région ne dépasse pas les limites d'une province, il conviendrait que ce soit un conseil mixte fédéral-provincial nommé conjointement plutôt qu'un conseil fédéral, comme le Conseil du développement de la région de l'Atlantique, même s'il consulte les provinces, nous en assumons la responsabilité.

**M. Foster:** Merci beaucoup, monsieur Kent.

**Le président:** Nous avons donc terminé la première partie des questions générales. Un certain nombre de députés ont dit qu'ils voudraient poser d'autres questions. Comme nous allons réserver l'article 2 pour l'instant, et poursuivre l'étude du projet de loi, je me demande si on ne pourrait pas répondre à mesure que nous étudierons le projet de loi article par article.

**Des voix:** D'accord.

**Le président:** Je dirais au nom de M. Marshall qui a été très gentil hier soir, qu'il n'a peut-être pas eu le temps de poser beaucoup de questions. S'il a une question à poser, une question assez brève, il peut la poser maintenant, même si nous avons décidé de procéder autrement.

**M. Marshall:** Une brève question. Monsieur Kent, les décors sont en place, le milieu est fourni par la Loi, et la région désignée est créée. Qui prend l'initiative pour demander à une industrie de s'installer dans la région désignée?

**M. Kent:** Cela peut se produire de trois façons. La première, et ce sera la plus courante, à moins que l'entreprise perde sa virilité, pour ainsi dire, serait que l'industrie ou l'entreprise intéressée s'adresse à nous pour nous demander si leur projet serait admissible aux avantages financiers offerts.

**M. Marshall:** Ce à quoi je veux en venir c'est que certaines industries ne voudront peut-être pas aller dans des régions désignées pour des raisons de coûts de transport ou autres.

**M. Kent:** Il y a deux influences qui jouent ici.

En premier lieu, toutes les provinces recherchent activement des perspectives industrielles, des sociétés qui seraient intéressées à venir s'établir dans cette province en particulier. Lorsqu'il s'agit d'une province dont l'ensemble ou une partie est incluse dans une région désignée une des premières choses qu'elles feront lorsqu'elles recherchent ces

## [Text]

tives available under the federal legislation. At a very early stage, normally, the company comes to see us, often accompanied by or introduced by the provincial department, and we keep in close touch with the provincial departments of industry for this reason.

As I said earlier, we ourselves seek to draw the attention of industry to the existence of these incentives, not only industry in Canada but also industry in the United States and abroad. We work closely with the provinces and, in part, lead on particular projects. We have joint development searches together to try to interest people in moving into a designated region. We have one very big project of that kind which the Government of New Brunswick started a little while ago and which we are helping to finance. We are prepared to do this encouragement development work to the maximum extent worthwhile without, as I think I said earlier, duplicating what provinces and other people are doing.

**Mr. Marshall:** Will the federal government have the mechanism, and they should have, to control examine or investigate any proposition or agreement between a province and an industry to ensure that that industry going in is a viable one and is financially stable?

**Mr. Kent:** If it involves our money, if it is getting an incentive from us, yes, most definitely.

**Mr. Marshall:** The reason I say that is that \$378,000 was spent on research in the Province of Newfoundland over the last four or five years and, as you know, this came to naught.

• 1630

I am glad to hear that you are going to ensure control of this spending.

Thank you, Mr. Chairman.

**Mr. MacDonald (Egmont):** Mr. Chairman, I was looking at the list of questions I was going to ask. Some I can ask as we proceed clause by clause but there are a couple of a general nature not related to any particular clause.

Could I put these questions now?

## [Interpretation]

entreprises est de leur parler des avantages financiers sous diverses formes auxquelles elles seront admissibles en vertu de la Loi fédérale. Dès le début, normalement, l'entreprise vient nous consulter, souvent accompagnée du ministère provincial, et nous restons en contact étroit avec les ministères provinciaux de l'Industrie pour cette raison.

Comme je l'ai déjà dit, tout à l'heure, nous cherchons nous même à attirer l'attention de l'industrie sur l'existence de ces avantages, pas seulement les industries canadiennes, mais aussi les industries américaines et à l'étranger. Nous collaborons étroitement avec les provinces, et, en partie, nous prenons même l'initiative. Nous avons des recherches conjointes afin d'intéresser les gens à s'installer dans une région désignée. Nous avons un projet très important entrepris par le gouvernement du Nouveau-Brunswick il y a quelques temps que nous finançons en partie. Nous sommes prêts à faire ce travail d'encouragement dans la mesure où il sera valable sans, comme je l'ai dit, faire double emploi avec les provinces et les autres intéressés.

**M. Marshall:** Est-ce que le gouvernement fédéral possédera les rouages, comme il se doit, pour contrôler, examiner et faire enquête à l'égard de toutes les propositions et les ententes entre une province et une industrie, pour s'assurer que l'industrie qui va s'installer est une industrie viable et financièrement stable?

**M. Kent:** Oui, si notre argent est en jeu, si elle est admissible aux encouragements financiers de notre part, nous le faisons certainement.

**M. Marshall:** La raison pour laquelle je mentionne cela, c'est que \$378,000 ont été dépensés à des fins de recherches dans la province de Terre-Neuve au cours des quatre ou

cinq dernières années, et il me semble qu'il n'en est rien ressorti. Je suis heureux d'apprendre que vous allez vous assurer que l'argent sera bien dépensé.

Merci beaucoup, monsieur le président.

**M. MacDonald (Egmont):** Monsieur le président, je consultais la liste des questions que j'aimerais poser. Il y en a que je pourrais peut-être poser lors de l'étude article par article du bill, mais il y en a quelques-unes de nature générale que je voudrais poser d'abord car elles ne s'appliquent pas à un article en particulier. Me permettriez-vous de poser ces questions maintenant?



[Texte]

**The Chairman:** It was agreed that we would proceed to clause by clause study, Mr. MacDonald. However, if you feel that you can put them promptly, proceed.

**Mr. Kent:** I will try to answer them briefly.

**The Chairman:** Yes, I hope you do. If you can use your good sense and limit them, that will be fine.

**Mr. MacDonald (Egmont):** One of the questions arises out of the answers of the Deputy Minister today and of the Minister last night. When we came up against certain matters, for instance, as raised by the member at the end here, of whether or not industries would qualify because they were resource-based industries, say, or in the case of questions last night, whether or not they would be tourist industries or some aspect of infrastructure, we came back to the bill setting up the Department and specifics were pointed out where the new Department would be able to act on these kinds of applications. We have already suggested both in the House and here in the Committee that there is a considerable amount of flexibility in this legislation. Now we are finding or perhaps we are recalling there is a considerable amount of flexibility in the legislation that has already set up the Department and there is a great deal of scope for activity and intervention in this way. I think we may be in danger of creating some mysteries. Perhaps they are necessary, I do not know.

I would be interested in knowing because of the powers the Department has and the kind of encouragement and assistance it might give to these large-scale industries that could not qualify under the Bill, whether you will be elaborating or publishing criteria so those industries that know quite obviously they do not qualify under this specific Bill can have reason to hope and will prepare the kind of descriptions necessary to make effective submissions to the Department.

Perhaps this has already been done; perhaps you have already published some kinds of criteria for eligibility. If it has not been done, I wonder whether you are planning to do something very shortly?

**Mr. Kent:** I think we will have to do it case by case for particular areas because the essence of the approach under the departmental legislation is to have covered all secondary industry under this scheme which can be described pretty clearly so companies can know quite readily what is available and what is not. As far as the industries' activities which in general are less suitable or influenced by

[Interprétation]

**Le président:** Nous nous étions mis d'accord pour procéder à l'étude article par article, mais si vous croyez pouvoir les poser sans prendre trop de temps, c'est bien.

**M. Kent:** Je m'efforcerai de répondre le plus brièvement possible.

**Le président:** Oui, je l'espère. Si vous vous servez de votre jugement pour les restreindre, c'est bien.

**M. MacDonald (Egmont):** L'une des questions découle d'une réponse du ministre hier soir et du sous-ministre aujourd'hui. Lorsque nous nous sommes élevés contre certaines questions, à savoir si certaines industries pourraient être acceptées étant donné que ce sont des industries de ressources, que ce soit une industrie touristique ou quelque autre aspect de l'infrastructure, nous en sommes revenus au bill établissant le ministère et nous avons trouvé des détails disant qu'en vertu du nouveau bill, il devrait être possible d'agir dans le cas de ces demandes. Nous avons déjà mentionné au Comité et à la Chambre qu'il y a beaucoup de souplesse dans cette mesure législative. Maintenant, nous nous rappelons qu'il y a beaucoup de souplesse dans la mesure législative qui établissait le ministère. Il y a un vaste champ d'activités et la possibilité d'intervention. Je crois que ce que nous risquons de faire, c'est de créer des mystères; que cela soit nécessaire ou non, je l'ignore.

J'aimerais savoir, étant donné le genre de pouvoirs du ministère et le genre d'aide et l'encouragement que l'on pourrait donner aux industries qui ne pourront pas être admissibles en vertu du Bill, si vous allez établir ou publier des critères de sorte que les industries qui se savent inadmissibles en vertu du Bill puissent espérer être comprises, et pourront ainsi faire une meilleure demande au ministère en toute connaissance de cause.

Peut-être que c'est ce que vous avez déjà fait, peut-être que ces critères et ces normes d'admissibilité ont déjà été publiés, mais si cela n'a pas été fait, est-ce que vous vous proposez de le faire bientôt?

**M. Kent:** Je pense que nous devons étudier les choses cas par cas. La façon dont nous abordons la question au ministère, c'est de couvrir toute l'industrie secondaire selon ce programme, qui est assez clair, et donc les compagnies sauront ce qui est disponible et ce qui ne l'est pas. En ce qui concerne les industries qui ont des activités qui ne se prêtent pas au programme d'encouragement selon



## [Text]

means of location incentives, but which it is important to help in particular cases, are concerned, the essence of the approach under the departmental legislation is to define a special area in agreement with the province and draw up with the province a development plan for that area. In publishing that development plan, we would make clear the type of industry which in circumstances of that special area, in the opinion of the two governments, was the type which probably should be given an incentive to locate there.

This is not a very good example, but I take it because it is the best available at this stage. In the case of the Prince Edward Island Plan, it is clear that the type of industries which are envisaged under that plan are essentially the food processing ones on the one side and on the other side the assistance to tourism which is provided for within the special terms of that plan.

• 1635

Any plan that we made for a special area on the same basis, would have the same sort of indication in it and therefore would provide a framework within which companies could know what would be of interest and what we would be prepared to give an incentive to. I do think we have to define it plan by plan or area by area; I do not think we could very helpfully give a general description.

**Mr. MacDonald (Egmont):** I see.

**Mr. Kent:** In one case it might be mining and in other cases tourism. The whole essence of the approach is that with the province we find out what is best in a particular area and then try to support and encourage that.

**Mr. MacDonald (Egmont):** When I suggest there will be criteria available, it will be available on a particularized basis...

**Mr. Kent:** Yes, sir.

**Mr. MacDonald (Egmont):** ...with respect to the various regions. Will it go farther than being a blueprint? When you use the Prince Edward Island example, you are using not only a plan, but a program for which there is a commitment over a specific period of time and both governments have committed specific amounts of money in various sectors. Am I correct in assuming you are not thinking of something as involved as that, but are thinking more along the lines of a blueprint which might be called a plan, but you would not be locking yourselves in over a fixed period of time to certain amounts of money?

## [Interpretation]

l'endroit, mais qui méritent de l'aide, c'est que nous définissions une région spéciale en accord avec la province et en collaboration avec la province, nous élaborons un plan d'expansion pour cette région. Lorsque nous publions ce programme de développement, précisons le genre d'industrie qui sera admissible aux subventions de localisation, selon l'opinion des deux gouvernements.

Voici un exemple; c'est le meilleur exemple que je peux vous donner à cette étape ici. Dans le cas de l'Île-du-Prince-Édouard, il est évident que le type d'industries visé par le programme, ce sont des installations de transformations de la nourriture, et d'autre part, il y a l'aide au tourisme, ce que nous avons pu faire grâce à des dispositions spéciales.

Tout plan que nous établissons pour une région spéciale aurait le même genre d'indication et fournirait donc un cadre à l'intérieur duquel les compagnies sauront qu'est-ce que nous pouvons encourager et ce vers quoi nous pouvons nous pencher. Je crois que nous devons déterminer cela région par région, plan par plan. Rien ne sert de définir cela de façon générale.

**M. MacDonald (Egmont):** Je vois.

**M. Kent:** Dans un cas, cela pourrait être les mines, dans un autre le tourisme. La façon d'aborder le problème, c'est que nous étudions le cas avec la province pour voir à qui est préférable dans une certaine région, et nous tentons d'aider dans la mesure du possible.

**M. MacDonald (Egmont):** S'il y a des critères de disponibles, ils seront disponibles pour les cas particuliers plutôt qu'en général?

**M. Kent:** Oui.

**M. MacDonald (Egmont):** Est-ce que ce sera plus qu'un simple projet, est-ce que ce ne sera pas simplement un projet, mais un programme dans lequel il y a un engagement de la part des deux gouvernements à verser certaines sommes pendant une certaine période de temps. Ai-je raison si je dis que vous ne voulez pas vous fixer des limites, au cours d'une période déterminée, que vous voulez en rester au stade de programme général?

[Texte]

**Mr. Kent:** Not in the detail that has been attempted in something like the Prince Edward Island plan. We do not think that would be appropriate to most of the sort of cases that we want to provide help to as quickly as planning and our resources will allow. A plan in those circumstances would probably contain some specific program commitments such as over a five-year period we would undertake to provide so much assistance towards roads or some other vital piece of the infrastructure. There would be flexibility in the industrial incentives we provided, for example, depending on the response there was from industry.

**Mr. MacDonald (Egmont):** I have just one final general question related to this. You mentioned the figure of \$49 million plus. Is this the figure to be expended on this program under the legislation we are considering at present?

**Mr. Kent:** Under the legislation we are considering at present, the Minister has said that he expects the level of approvals to be right away substantially more than the \$49 million which has been the level of approvals for the last few years under ADA and is the actual level of expenditure this year.

**Mr. MacDonald (Egmont):** Right. In looking at the total figure which is finally approved by the government, will you then be apportioning it in terms of so much to a region, or will it be looked at more on an industry-to-industry basis?

**Mr. Kent:** It will be looked at primarily in terms of the flow of applications. We will be concerned to approve all the good applications we can as quickly as we can. Obviously we will have to watch the rate. If the rate of approvals is tending to be higher than we are allowed the authority for, we will have to be prepared to be a little selective in terms of what looks like the most beneficial ones in relation to the problems of different regions and the needs of different industries. We certainly would not begin with any allocated figure between regions.

**Mr. MacDonald (Egmont):** You would not establish a series of priorities.

**Mr. Kent:** No, we would not establish a series of priorities expressed in absolute amounts. Obviously other things being equal, the more serious the lack the employment opportunities in an area, the greater the priority that area has.

[Interprétation]

**M. Kent:** Pas dans le détail, comme on l'a fait pour l'Île-du-Prince-Édouard. Cela ne serait pas approprié dans les cas où il est urgent de fournir des subventions, selon la planification et les ressources. Dans ces circonstances, il y aura des engagements précis en vertu du programme disant que pour 5 ans, par exemple, nous entreprenons de fournir des subventions pour les routes ou pour quelque autre domaine important. Il y aurait beaucoup de souplesse quant à ce que nous fournirons, par exemple, selon la réaction de l'industrie.

**M. MacDonald (Egmont):** Une dernière question générale. Vous avez mentionné plus de 49 millions de dollars; est-ce la somme qui sera dépensée en vertu de ce programme?

**M. Kent:** A l'heure actuelle, le ministre dit qu'il s'attend que le nombre de demandes approuvées exige considérablement plus que 49 millions de dollars, qui est le niveau des dépenses au cours des dernières années en vertu du programme ADA et qui est le niveau actuel des dépenses.

**M. MacDonald (Egmont):** Bon. Lorsque vous considérerez le chiffre total qui a été approuvé par le gouvernement, est-ce que vous l'attribuerez tant pour une région ou tant pour une industrie?

**M. Kent:** On étudiera les questions en tenant compte de la quantité de demandes. Nous voudrions approuver toutes bonnes demandes le plus rapidement possible. Il est évident que nous devons faire attention au taux d'approbation, et si le taux d'approbation a tendance à être plus élevé qu'on nous permet nous aurons à être plus exigeant quant à ce que sont les plans les plus utiles, compte tenu des problèmes des différentes régions et les besoins des différentes industries. Nous ne commencerons donc pas avec des chiffres de répartition de dépenses dans la région.

**M. MacDonald (Egmont):** Vous n'établirez pas de priorités?

**M. Kent:** Non, nous n'établirons pas une liste de priorité avec des montants fixes. Toute chose étant égale, plus le chômage est grave, plus grande est la priorité.



[Text]

**Mr. MacDonald (Egmont):** It does trouble me a bit that in your initial statement and in answer to the question, you indicated pressure of application would be a heavy factor. I think the areas you will have the greatest difficulty in initially at least are the areas where you will have the fewest applications quite obviously.

**Mr. Kent:** We would most certainly give priority to the applications from the areas of greatest employment need, even if they were fewer.

**Mr. MacDonald (Egmont):** I will leave it at that. Thank you very much, Mr. Chairman, for your generosity.

**The Chairman:** My pleasure.

• 1640

Clauses 1 and 2 stood.

On Clause 3—*Designation of regions*

**Mr. St. Pierre:** Mr. Chairman, to bring this matter to discussion I will put my motion. I move:

That Subsection 1 Section 3 of Bill C-202 be amended by striking out lines 31, 32, 33 and 34 of Folio 2, and substituting therefor the following words: "thereof, that is determined to require special measures to facilitate economic expansion and social adjustment, such region to be not less than 10,000 square miles in size in areas adequately served by conventional transportation, not less than 2,000 square miles in size in areas isolated by geographic factors and in all cases, the shape of such regions to be such as to accommodate the factors of geography, climate and transportation."

Speaking briefly to the motion, Mr. Chairman, I think we all realize that the old ADA legislation suffered very badly and caused some severe distortions by being too rigid. It would be a great pity if in this new attempt to aid disadvantaged areas we were again to place ourselves in a position where there is too much rigidity.

Briefly, if 10,000 square miles is a reasonable minimum size for an area on the Canadian prairies or in sections of Ontario, it cannot be a reasonable size, in my opinion, in such areas as portions of British Columbia and many coastal areas.

A great part of the Atlantic Provinces, or perhaps all of them, are going to be designat-

[Interpretation]

**M. MacDonald (Egmont):** En réponse à une question, vous avez déclaré au début que la pression serait un facteur important. Les régions où vous avez le plus de difficulté au début, ce sont les régions où vous avez le moins de demandes.

**M. Kent:** Nous donnerons la priorité aux demandes des régions où le chômage est grave.

**M. MacDonald (Egmont):** Bon, restons-en là pour le moment, je vous remercie, monsieur le président, pour votre générosité.

**Le président:** Il n'y a pas de quoi.

Les articles 1 et 2 sont réservés.

Article 3, Désignation des régions.

**M. St. Pierre:** Afin qu'on discute de cela, je propose:

Que le paragraphe (1) de l'article 3 du Bill C-202 soit modifié par le retranchement des lignes 29, 30, 31, 32 et 33, à la page 2, et leur remplacement par ce qui suit: «de ladite province ou desdites provinces, et dans laquelle des mesures spéciales sont jugées nécessaires pour favoriser l'expansion économique et le relèvement social, la superficie de cette région ne devant être inférieure à 10,000 milles carrés dans les zones desservies de manière adéquate par les moyens de transport classiques, et à 2,000 milles carrés dans les zones isolées par des facteurs géographiques, et, dans tous les cas, le tracé de ces régions devant être tel qu'il tienne compte des facteurs géographiques et climatiques ainsi que des transports.»

En ce qui concerne cette proposition, monsieur le président, je crois que nous nous rendons compte que le programme de l'ADR fut très mauvais parce qu'il était trop rigide. Il serait très malheureux si dans cette nouvelle tentative pour aider nos régions défavorisées, nous nous replaçons dans une position où il y a un véritable manque de souplesse.

En somme, si 10,000 milles carrés est une dimension minimum acceptable pour une région des Prairies du Canada ou pour certaines régions de l'Ontario, cela n'est pas une superficie satisfaisante pour certaines parties de la Colombie-Britannique et certaines régions côtières.

Une grande partie des provinces de l'Atlantique et peut-être même toutes les provinces



## [Texte]

ed. In other areas, in the West including sections of Alberta there will be only a few areas designated, or perhaps only one in each province—more than one, I hope—and I think that this must be accommodated to a smaller size in this very unusual terrain.

The first section of this, in which I deal with 10,000 square miles as a minimum in areas adequately served by conventional transportation is essentially a restatement of what is in the present section as it now reads.

The last section, in which I say the shape of such regions to be such as to accommodate the factors of geography, climate and transportation, is really putting into words what the Deputy Minister told us was the intention a few minutes ago. If it is the intention, then let us have it spelled out in the Act.

For those members who wonder at the choice of 2,000 square miles as a suitable minimum, I chose this for a particular reason and I would like to take a few minutes of the Committee's time to explain. I chose an area of 2,000 square miles in British Columbia; it is not one which is in need of area incentives at the moment; it is quite prosperous. It has a great deal of secondary industry but it is of the type which 50 years ago was depressed and needed and would have benefitted from legislation such as this. This is the area of Rossland, Trail, Castlegar and Kinnaird and the narrow belt surrounding it. This is a small pocket in the mountains.

In my time in British Columbia, which since 1945, to travel there by car one detoured through the United States, either out of the East Kootenays for from the Vancouver side. In the hypothetical case I am putting forward, which is half a century ago when this area was undeveloped and might well have benefitted from this legislation, it would be ruled out under the 10,000 square mile minimum unless the government had drawn lines 100 x 100. I find they take in no less than three mountain ranges, the Monashees, the Purcells and the Selkirks, to no purpose whatever. The area which would need designation was approximately 2,000 square miles in extent. Therefore, I feel very strongly that it is important that in this new legislation we do not find ourselves with some new rigidities which ignore the geographic facts of life in Canada.

**The Chairman:** Thank you, Mr. St. Pierre.

Does anybody wish to speak to the amendment? Mr. Honey.

**Mr. Honey:** Mr. Chairman, I have two observations to make and Mr. St. Pierre may be able to assist the Committee on this.

## [Interprétation]

seront choisies. Dans les autres régions de l'Ouest, y compris l'Alberta, il n'y aura que quelques régions choisies ou peut-être une seule par province. (J'espère qu'il y en aura plus d'une); je crois que leur superficie sera réduite à cause du terrain spécial.

La première partie est de 10,000 milles carrés comme superficie minimum desservie par les moyens de transport habituels et constitue une répétition de l'article actuel.

La dernière partie qui traite de l'aspect de telles régions pour s'adapter aux problèmes de géographie, de climat et de transport correspond bien à ce que le sous-ministre a dit il y a quelques minutes. Si c'est là notre intention, précisons-le dans la loi.

Pour ceux qui se demandent si 2,000 milles carrés est un minimum acceptable, j'ai choisi cela pour une raison particulière, et si vous me permettez, je prendrai quelques minutes de notre temps pour vous l'expliquer. J'ai choisi une région de 2,000 milles carrés en Colombie-Britannique; ce n'est pas une région qui a besoin d'être stimulée financièrement car elle est très prospère. Il y a un grand nombre d'industries secondaires qui, il y a 50 ans, étaient à la baisse et avaient besoin d'une loi comme celle-ci. Il s'agissait des régions de Rossland Trail, Castlegar et Kinnaird et la région avoisinante. C'est une petite enclave dans les montagnes.

Depuis que je suis en Colombie-Britannique, soit depuis 1945, pour aller là-bas en automobile, il fallait passer par les États-Unis soit par Kootenays-est ou par Vancouver. L'hypothèse que je propose, remonte à un demi-siècle au moment où cette région était inexploitée et aurait pu retirer de grands avantages de la présente mesure législative. Ce règlement a été refusé en vertu de la limite de 10,000 milles carrés à moins que le gouvernement n'ait donné les limites 100 x 100. J'ai découvert qu'ils avaient pris au moins trois chaînes de montagnes, les Monashees, les Piercells et les Selkies sans but. La région qui aurait dû être désignée avait à peu près 2,000 milles carrés de superficie. Alors, je crois qu'il est très important qu'une nouvelle mesure législative ait plus de souplesse et tienne compte des facteurs géographiques du Canada.

**Le président:** Merci, monsieur St-Pierre. Y a-t-il quelqu'un qui veuille parler de cet amendement? Monsieur Honey.

**M. Honey:** Oui, monsieur le président, j'ai deux remarques à formuler. Monsieur St-Pierre pourra peut-être aider le Comité à ce

## [Text]

Firstly, is the first part of the amendment redundant in view of the fact that it is covered elsewhere in the Bill? I am referring to the words, Mr. St. Pierre,

...is determined to require special measures to facilitate economic expansion and social adjustment...

If I could refer the Committee to clause 6 subclause (a), headed *Determination of Amount of Incentive*, it reads:

• 1645

Subject to this Act, the Minister may authorize the provision of a development incentive in the maximum amount provided for by this Act or in any lesser amount, and in determining whether to authorize the provision of a development incentive in the maximum amount so provided—for or in any lesser amount,...

So really we are covering any incentive...

the Minister shall take into consideration the following factors: (a) the extent of the contribution that the establishment, expansion or modernization of the facility would make to economic expansion and social adjustment in the designated region;

It seems to me, Mr. Chairman, that the purpose of that particular provision is to direct the Minister's attention to economic expansion and social adjustment in the designated region, and I submit, with respect, that it is really not necessary in the clause now under consideration, clause (3) to again direct his attention to that. I suggest that that part is already covered in the legislation.

With respect to the other part, Mr. Chairman, I have some difficulty in following the argument. I appreciate it is made sincerely and certainly with much more knowledge than I have of British Columbia, and of the particular factors Mr. St. Pierre has mentioned. In view of the fact that the 10,000 square miles is a minimum area for designated region do we have to be too concerned about the small areas that cause Mr. St. Pierre concern? It seems to me that the government by Order in Council will be able to designate, if all the other factors are such that it should be designated, an area that would encompass the areas that give Mr. St. Pierre concern.

I have some hesitation, Mr. Chairman—and I am only speaking for myself—in agreeing with Mr. St. Pierre's amendment because one

## [Interpretation]

sujet. D'abord, je me demande si la première partie de l'amendement n'est pas une répétition étant donné qu'on en parle ailleurs dans la loi. Je parle des mots où vous dites, monsieur Saint-Pierre:

dans laquelle des mesures spéciales sont jugées nécessaires pour favoriser l'expansion économique et le relèvement social»...

Le paragraphe (a) de l'article 6 qui s'intitule «Détermination du montant» se lit comme suit:

Sous réserve de la présente loi, le Ministre peut autoriser l'attribution, à titre de subvention au développement, du montant maximal prévu par la présente loi ou d'un montant moindre et, en déterminant s'il doit autoriser l'attribution soit du montant maximal, soit d'un montant moindre...

Nous parlons de tous les genres de subvention et le Ministre doit prendre en considération les facteurs suivants: a) l'importance de la contribution qu'apporteront l'implantation, l'agrandissement ou la modernisation de l'établissement, à l'expansion économique et au relèvement social de la région désignée;

Il me semble donc, monsieur le président, que le but de cette disposition est d'attirer l'attention du ministre sur l'expansion économique et sur le relèvement social de la région désignée, je crois, avec le respect qui est dû à mon confrère, qu'il n'est pas nécessaire à l'article 3, de stipuler de nouveau qu'il faut attirer l'attention du ministre sur cela. Je crois qu'on a déjà tenu compte de cela dans la loi.

Au sujet de l'autre partie, monsieur le président, je voudrais dire que j'ai des difficultés à comprendre votre raisonnement. J'apprécie le fait qu'il ait été fait avec sincérité et basé sur une connaissance supérieure de la Colombie-Britannique et des facteurs particuliers qu'a nommés M. St. Pierre. Considérant le fait que 10,000 milles carrés est la superficie minimum des régions désignées, devons-nous nous préoccuper tellement des petites régions qui inquiètent monsieur St-Pierre? Il me semble que le gouvernement par un décret du Conseil pourra désigner, si tous les facteurs permettent de le faire, une région qui renfermera les régions qui inquiètent tant monsieur St-Pierre.

J'hésite, monsieur le président—je ne parle qu'en mon nom personnel—à approuver l'amendement de monsieur St-Pierre car comme



[Texte]

of the purposes as the Minister and the Deputy Minister have said of this provision in the legislation, is so that we can be more specific in the designation of areas and get away from the patchwork situation that we have in the present ADA legislation. I have in mind a situation in Ontario which the Ontario members will be familiar with, in in the Georgian Bay area where the Meaford-Owen Sound area was designated and it was a relatively small area and the areas around it were not designated and there was difficulty—and I think this has occurred at other places in Canada—in the fact that the benefits we hoped would be derived from the legislation were not extended far enough to the outlying areas which really in many other ways, socially and economically, supported the centres that were designated. The relatively small centre was designated and the outlying areas were not and in many aspects they were supporting areas for the designated area.

I reiterate that in view of the fact that this is the minimum size and that an area can be designated so as to encompass the smaller areas that concern Mr. St. Pierre that we should look carefully at this before we approve the amendment.

**The Chairman:** Thank you, Mr. Honey. Mr. MacDonald.

**Mr. MacDonald (Egmont):** Looking at this amendment quickly and listening to Mr. St. Pierre's argument and then going back to the Bill, I have a little difficulty in seeing really what this does substantially to change the present legislation as it is set out. As a matter of fact, I tend to think that this particular clause is a bit of an over-reaction, if you like, from previous ADA legislation and perhaps I could suggest that the officials did not over-react quite enough because when you say that 10,000 square miles is a minimum figure, except in the case of Prince Edward Island, of course the sky can be the limit at any particular point.

I am wondering why it was really necessary to include this clause at all because it would seem to me that for absolute flexibility you would simply be empowered to set up designated regions of the appropriate size. Obviously they will vary in size. There will be at least one that is less than 10,000 square miles, and we can get into a lot of nitpicking on this because if you start thinking of a 10,000 mile figure, does it include the water? And is this thing covered if you are on a seaboard area? Mr. St. Pierre has already pointed out the mountain problem. I really do not think the amendment substantially alters

[Interprétation]

l'ont dit le ministre et le sous-ministre, les buts de cette disposition de la mesure législative, sont formulés de sorte que nous pouvons être plus précis pour la désignation des régions et nous pouvons éliminer les situations disparates qui existent en vertu de l'ADA. Je me rappelle une situation en Ontario, que les députés de l'Ontario connaissent bien. On a désigné la région de Meaford-Owen Sound près de la Baie Georgienne; c'est une région assez petite et les régions avoisinantes n'ont pas été désignées: voilà le problème. Cela s'est produit dans d'autres endroits du Canada et les avantages que l'on voulait retirer de cette mesure législative n'ont pas pu profiter aux régions avoisinantes qui, de multiples façons, du point de vue social, économique, sont subvenues aux besoins des régions désignées. On a désigné les petites régions et les régions avoisinantes ne le furent pas et souvent elles subvenaient aux besoins des régions désignées.

Je répète qu'étant donné le fait qu'il s'agit d'une superficie minimum et que la région peut être désignée de façon à renfermer les petites régions dont s'inquiète monsieur Saint-Pierre, nous devrions y repenser à deux fois avant d'approuver l'amendement.

**Le président:** Merci, monsieur Honey. Monsieur MacDonald.

**M. MacDonald (Egmont):** Après avoir regardé rapidement cet amendement et écouté le raisonnement de M. Saint-Pierre, et revenant ensuite au projet de loi, j'ai quelques problèmes à comprendre si l'on change vraiment la loi actuelle. De fait, je pense que la présente mesure législative est une réaction contre l'ADR. Je pourrais peut-être proposer que les fonctionnaires n'ont pas suffisamment réagi car lorsque vous dites que 10,000 milles carrés est un chiffre minimum, sauf dans le cas, peut-être, de l'île-du-Prince-Édouard.

Je me demande s'il est nécessaire d'inclure du tout cet article, parce que si on désire une souplesse absolue vous n'auriez que le pouvoir d'établir des régions désignées de la superficie appropriée. Évidemment, la superficie variera. Il y en aura au moins une qui aura moins de 10,000 milles carrés et nous pouvons nous créer bien des ennuis à ce sujet parce que si vous commencez à penser au chiffre de 10,000 milles, est-ce que cela comprend les eaux et est-ce que cela couvre une région de la côte? M. St-Pierre a déjà souligné le problème des régions montagneuses. Je ne crois pas que la modification proposée



[Text]

the present meaning. It might only obscure it a bit and if I were inclined to put an amendment which, of course, I never do, at this point it would simply be that we should strike the whole clause. Since we have the clause and it is a decided improvement—I am very much in favour of the new clause as against what was previously there—I think the part of wisdom would be to live with the clause as it is presently situated, unless the departmental people feel that they would simply like to strike it out altogether and give them maximum flexibility.

**The Chairman:** Are there any other opinions?

**Mr. Foster:** Mr. Chairman, I have an observation. I wonder what the problem is. Mr. St. Pierre has mentioned that by having this large area we are liable to be including three or four mountain ranges and other geographical areas. Suppose this is done, is there any problem with including areas where development is impossible? We still are keeping to a large area, and perhaps will not be getting into the patchwork situation that we had under the old map or under the old ADA program.

**The Chairman:** You might answer that question.

**Mr. Kent:** Perhaps I could answer that question. The intention of the thought which was behind this stipulation would not involve any conflict with what is sought to be achieved here, in the sense that if any situation such as the Trail, Castlegar, et cetera area were to be designated in any event—I recognize the strength of the argument for designating it; we have had some quite detailed discussions with that case already with people from the area and with the provincial government—we would not feel restricted from designating that particular area by the 10,000 square miles minimum because in that case, we would, as would happen with many other cases, designate a larger region which would encompass some mountains and so on where nothing would happen, but that would often be the case. In Manitoba one could well imagine the designation of areas which included extensive lakes where nothing will happen. All we are doing is fixing the boundaries, so that the 10,000 limitation, as it stands in the clause at the moment, was not intended in any way to exclude the type of case which was given as an example.

[Interpretation]

change la présente signification de la loi. Cela ne peut que la rendre plus obscure et si je devais faire un amendement, ce serait de laisser tomber tout simplement l'article. Mais, puisque nous avons cet article et qu'il s'agit d'une amélioration importante par rapport à ce qui existe déjà, je crois qu'il serait sage de conserver la clause telle qu'elle est libellée actuellement à moins que les gens du ministère veuillent simplement l'éliminer pour permettre plus de souplesse.

**Le président:** Y a-t-il d'autres opinions?

**M. Foster:** J'ai une observation, monsieur le président? Je me demande quel est le problème. M. St-Pierre a mentionné qu'en ayant cette grande région, nous pourrions comprendre trois ou quatre chaînes de montagnes ou autres régions géographiques. Mais, supposons que cela se fait, est-ce qu'il y aurait des problèmes à inclure des régions où le développement est impossible? Nous continuons à nous en tenir à de grandes régions, pour éviter le morcellement que nous avons sous l'ancienne carte et sous l'ancien programme ADR.

**Le président:** Vous pouvez répondre à cette question.

**M. Kent:** Je pourrais peut-être répondre à votre question. Les raisons sous-jacentes à la stipulation ne voulaient pas créer des conflits avec l'objectif de la présente mesure législative, dans ce sens que si une situation telle que celle de la région de Trail, Castlegar, etc. qui avait été désignée de toute façon, je reconnais la puissance de votre argument visant à la faire désigner; nous avons déjà eu des discussions détaillées de ce cas avec des gens de la région et avec le gouvernement provincial, nous ne voulons pas nous sentir empêchés de désigner cette région, à cause de la superficie minimum de 10,000 milles carrés parce que, dans ce cas, nous le ferions, comme dans d'autres cas, nous allons désigner une région plus grande qui comprendrait des montagnes et autres endroits où rien n'arriverait, mais ce serait souvent le cas. Au Manitoba, on peut imaginer la désignation des régions qui comprennent des grands lacs, où il est évident qu'il n'y aura pas beaucoup d'expansion économique. Tout ce que nous faisons c'est de fixer les limites. Donc, la limite 10,000 milles, telle qu'elle est prescrite présentement dans l'article, ne voulait pas exclure le genre de cas que l'on a mentionnés comme exemples.

[Texte]

**Mr. Honey:** In following the Deputy Minister's observation, I take the view of the Deputy's previous remarks and of Mr. St. Pierre's concern. I would like the Deputy's comments on this, if he would, but it seems to me that one of your concerns, Mr. St. Pierre, was that an area—I think you mentioned Powell River—which as you said is quite affluent, is in close proximity to other areas which you hope will be within a designated region. Under the present legislation I see no reason why the boundaries could not be drawn so as to exclude an area like Powell River, which does not really need this sort of benefit and include the areas with which you are concerned.

**Mr. St. Pierre:** That is the very patchwork idea you are concerned with.

**Mr. Honey:** I appreciate your comments but it seems to me that it would not necessarily be a patchwork. It could be an irregular line, but it could include all the areas with which you are concerned.

**Mr. St. Pierre:** I would like to make a few comments, Mr. Chairman, but perhaps there are others who want to speak first.

**Mr. Lundrigan:** Can I just say one word? I have listened to the remarks and I am basically in agreement with the attitude that there is no reason at all for the restriction in terms of size or even having the clause there. I think the intent of the amendment by Mr. St. Pierre is certainly the feeling of the Committee, in that some restrictions might be placed.

What would happen in places like the Magdalen Islands if you wanted to designate there? Why do you have to justify the 10,000 square miles by going to sea? What about Belle Island or some other island area? In other words the Deputy Minister, himself, and the Parliamentary Secretary have both indicated that they might just have to start looking around for land in order to justify the 10,000 square miles, so I do not see the reason for the inclusion of the restriction at all. Certainly there might be occasions even in suburban or urban areas where there might be a need to designate and you might find this quite a restriction where you might want to specifically identify an area that might need some support of some sort. Although I am in favour with the principle of Mr. St.

[Interprétation]

**M. Honey:** Je voudrais faire suite aux observations du sous-ministre, compte tenu des remarques précédentes du sous-ministre, des préoccupations de monsieur St-Pierre. J'aimerais avoir les commentaires du sous-ministre à ce sujet, s'il le veut bien, mais il me semble que l'une des choses qui vous préoccupent, monsieur St-Pierre, c'est qu'une région, je crois que vous avez mentionné Powell River qui comme vous l'avez dit est assez riche, soit avoisinante d'autres régions que vous désirez voir inclure dans une région désignée. En vertu de la présente loi, je ne vois aucune raison qui empêcherait les frontières d'être établies de façon à ne pas inclure une région comme Powell River, qui n'a pas réellement besoin de cette sorte de bénéfice et comprend des régions qui vous inquiètent.

**M. St-Pierre:** C'est exactement la sorte de morcellement que nous voulons éviter.

**M. Honey:** J'apprécie la justesse de vos commentaires, mais il me semble que ce ne serait pas nécessairement du morcellement. Ce pourrait être une ligne irrégulière, mais elle pourrait comprendre toutes les régions qui vous inquiètent.

**M. St-Pierre:** J'aimerais faire quelques commentaires, monsieur le président, mais je crois qu'il y a d'autres personnes qui aimeraient prendre la parole, auparavant.

**M. Lundrigan:** Puis-je dire un mot? J'écouterais les remarques et je suis d'accord en général avec l'attitude générale; mais je ne vois pas de raison pourquoi on fixerait des restrictions quant à la grandeur; je ne vois pas l'utilité de cet article. Je crois que l'intention de l'amendement proposé par M. St-Pierre est certainement celle du Comité quant à la possibilité de fixer des restrictions.

Qu'allez-vous faire dans les cas des Îles-de-la-Madeleine si vous voulez en faire une région désignée? Pourquoi avez-vous à justifier les 10,000 milles carrés en allant à la mer? Et quoi de Belle-Isle et autres régions des îles? Autrement dit, le sous-ministre et son secrétaire parlementaire ont tous deux indiqué qu'il leur faudrait peut-être chercher aux alentours pour du terrain afin de justifier les 10,000 milles carrés, donc, je ne vois pas vraiment pourquoi on inclut cette restriction. Il peut certainement y avoir des cas, même dans les régions urbaines, où il y a des banlieues qu'il pourrait être utile de désigner et vous pourriez vous apercevoir que cela est vraiment une restriction induite. Je suis d'accord avec le principe contenu dans la motion de M. St-Pierre, mais moi je préférerais éli-



## [Text]

Pierre's motion, I tend to go further and eliminate it altogether and give the extra bit of flexibility if necessary.

**The Chairman:** Are there any further questions?

**Mr. St. Pierre:** Mr. Chairman, I wonder if I might answer a couple of points which were brought up. Mr. Honey mentioned the wording, well actually I have simply taken that from the present wording, as it is repetitive in the present bill before us. The words "require special measures to facilitate economic expansion" is there now, so I saw no reason to drop it since the law officers of the Crown inserted it in the first place. Speaking through you, Mr. Chairman, Mr. Honey spoke of the desire to eliminate the patchwork which had some unfortunate results in the ARDA operation. In British Columbia, I am not dealing with patchwork, but with the physical and climatic isolation of areas.

This is not really comparable with situations in which by the old rigid methods of choosing by one criterion or another, we found odd amoeba-shaped areas with some unnatural exclusions from them. The situation in the mountains is definitely different. I really find most hard to understand—I am really not in agreement with the point made by both Mr. Honey and the Deputy—that, if 2,000 miles is not enough we will find another 8,000 miles to throw in. Now, surely, if we are going to have law it should be written for a purpose. If this law states that the minimum shall be 10,000 square miles right across Canada, I would think that this would be read by most people as meaning that all of those 10,000 square miles are in need of it, or a reasonable proportion of them. To state that we can easily find another 8,000 square miles of wasteland to toss in if necessary, seems to negate the purpose of the legislation. I think there may be something to be said for eliminating it completely, but I still would like to speak in support of this motion which is simply clarifying it and making provision for a highly unusual but very real situation in British Columbia.

**The Chairman:** Thank you, Mr. St. Pierre. Now are we ready for the question?

• 1700

**Mr. Carter:** I wonder if Mr. St. Pierre may be amending his motion to delete the 10,000 square mile limitation altogether and the 2,000 limit he is suggesting there. Yet I agree

## [Interpretation]

miner cette motion pour permettre un peu plus de souplesse.

**Le président:** Y a-t-il d'autres questions?

**M. St-Pierre:** Monsieur le président, j'aimerais répondre à deux des points qui ont été soulevés. M. Honey a mentionné le libellé. Je me suis fondé sur le présent libellé, étant donné qu'il se répète dans le bill que nous avons donné nous. Les mots «où des mesures spéciales sont nécessaires pour promouvoir l'expansion économique» sont là maintenant, alors je n'ai vu aucune raison de les enlever étant donné que les conseillers juridiques de la Couronne les ont déjà inscrits. Parlant par votre intermédiaire, monsieur le président, M. Honey a parlé de notre désir d'éliminer le morcellement qui a eu des résultats malheureux dans le cas de l'ARDA. Moi, ce dont je parle en Colombie-Britannique ce n'est pas du morcellement, mais de l'isolement physique et climatique de régions.

Cela ne peut pas se comparer à des situations où, par les méthodes rigides de choisir, en vertu d'un critère ou d'un autre, nous nous sommes aperçus que nous éliminions des régions désignées, certaines régions, qui étaient rattachées naturellement. J'ai beaucoup de difficulté à comprendre et je ne suis pas d'accord avec le point soulevé par M. Honey et le sous-ministre, que si 2,000 milles ne sont pas suffisants, nous trouverons les autres 8,000 milles additionnels. Si le minimum doit être de 10,000 milles partout au Canada, je crois que la plupart des gens comprendront que tous ces 10,000 milles sont une région qui a besoin de stimulant dans son entier. Déclarer que nous pouvons trouver une région de 2,000 milles qui a besoin d'aide, et ajouter 8,000 milles additionnels pour répondre aux besoins de la présente législation. Je crois que c'est un argument qui pourrait servir à éliminer, à appuyer, plutôt, une thèse visant à l'élimination de cet article; parce qu'il faut enfin tenir compte de la situation réelle, telle qu'elle existe en Colombie-Britannique.

**Le président:** Merci, monsieur St-Pierre. Est-ce que nous sommes prêts pour la mise aux voix?

**M. Carter:** Est-ce que M. St-Pierre voudrait amender sa motion pour laisser tomber la limitation du 10,000 milles, ou... et les 2,000 milles qu'il suggère ici? Cette limite ne me



*[Texte]*

with other speakers that this limitation, if you are calling it that, does not seem to be necessary in that there are places, I can think of, where if they were to insist on a 10,000 square mile area that would be ruled out because it does not contain that area. I wonder if that 10,000 square mile limitation is necessary at all.

**The Chairman:** Again, I think the Minister and the Deputy Minister yesterday evening explained the reason for the 10,000 figure, and if it is taken out, I suppose there could be an area of a couple of square miles which could be called a disadvantaged area and therefore come under the legislation. Of course then the idea of the thing is defeated. We are now talking in regions as an expansion over the designated area legislation and if the 10,000 minimum is there, I am certainly not going to—if you want to make an amendment, you may, but—

**Mr. Carter:** I move: that the words “not less than 10,000 square miles in size” be deleted from that paragraph.

**Mr. Foster:** Mr. Chairman, on a point of order, have we dealt with the other amendment?

**Mr. Carter:** This is not an amendment. This is a sub-amendment.

**Mr. Lundrigan:** What was that again?

**Mr. Carter:** That we delete the words “not less than 10,000 square miles in size” from Clause 3.

**Mr. Lundrigan:** Mr. Chairman, Mr. St. Pierre, we would be prepared to consider the representations made by Mr. Carter and others and come back on Monday when I think we are going to be reconsidering or considering other amendments. This will give us a chance to talk it over as far as building in some of the suggestions made by members is concerned. Right now if we get involved in trying to amend it, we might very well be on a procedural point for an hour or so.

**The Chairman:** Is it agreed that we stand clause 3?

We will adjourn until monday at 8.00 p.m.

*[Interprétation]*

semble pas nécessaire. Il y a des endroits que je connais, où, si nous devons insister sur la superficie minimum de 10,000 milles, seraient éliminés, parce qu'ils ne sont pas suffisamment grands, même s'ils ont besoin d'aide. Est-ce que cette limite de 10,000 est nécessaire?

**Le président:** Hier soir, je crois que le ministre et le sous-ministre ont expliqué la raison du chiffre 10,000 et s'il n'est pas enlevé, je présume qu'il pourrait y avoir une zone de quelques milles carrés qui pourrait être appelée région défavorisée et par conséquent, elle tombe sous le coup de la mesure législative, l'idée est battue. Nous parlons des régions en terme d'expansion en vertu de la mesure législative sur les régions désignées et si'il y a le minimum de 10,000, je ne vais certainement pas, si vous voulez présenter un amendement, libre à vous, mais. . .

**M. Carter:** Je propose que les mots «la superficie ne devant pas être inférieure à 10,000 milles carrés» soient supprimés de ce paragraphe.

**M. Foster:** J'invoque le règlement, monsieur le président. Avons-nous traité de l'autre amendement?

**M. Carter:** Ce n'est pas un amendement mais un sous-amendement.

**M. Lundrigan:** En quoi consistait-il encore?

**M. Carter:** A supprimer de l'article 3 les mots «la superficie ne devrait pas être inférieure à 10,000 milles carrés».

**M. Lundrigan:** Monsieur le président, monsieur St-Pierre, nous serions prêts à examiner les propositions faites par monsieur Carter et d'autres, et à revenir lundi, lorsque nous allons étudier d'autres amendements, je crois. Cela vous permettra de discuter certaines propositions faites par les membres. Si nous commençons dès maintenant à essayer de présenter des amendements, nous pouvons fort bien rester une heure environ sur un point de procédure.

**Le président:** Est-on d'accord pour réserver l'article 3?

La séance est levée et reprendra lundi à 20 heures.



OFFICIAL BILINGUAL ISSUE

FASCICULE BILINGUE OFFICIEL

HOUSE OF COMMONS

CHAMBRE DES COMMUNES

First Session

Première session de la

Twenty-eighth Parliament, 1968-69

vingt-huitième législature, 1968-1969

---

STANDING COMMITTEE

COMITÉ PERMANENT

ON

DE L'

REGIONAL DEVELOPMENT

EXPANSION ÉCONOMIQUE RÉGIONALE

*Chairman*

Mr. John Morison

*Président*

---

MINUTES OF PROCEEDINGS  
AND EVIDENCE

PROCÈS-VERBAUX ET  
TÉMOIGNAGES

No. 16 JUL 16 1969

MONDAY, JUNE 16, 1969

LE LUNDI 16 JUIN 1969

*Respecting*

*Concernant le*

BILL C-202,

BILL C-202,

An Act to provide Regional Development  
Incentives, Etc.

Loi prévoyant des subventions au  
développement régional, etc.

---

*Appearing:*

*A comparu:*

Minister of Regional Eco-  
nomic Expansion

L'hon. Jean Marchand

Ministre de l'Expansion  
économique régionale

---

INCLUDING FOURTH REPORT

Y COMPRIS LE QUATRIÈME RAPPORT

WITNESS—TÉMOIN

(See Minutes of Proceedings)

(Voir Procès-verbaux)



STANDING COMMITTEE  
ON  
REGIONAL DEVELOPMENT

COMITÉ PERMANENT  
DE L'EXPANSION  
ÉCONOMIQUE RÉGIONALE

*Président*  
*Vice-président*  
and Messrs.

Blouin,  
<sup>1</sup> Breau,  
Broadbent,  
<sup>4</sup> Burton,  
Carter,  
Comtois,  
<sup>3</sup> Cullen,  
Foster,

Mr. John Morison  
M. Alexandre Cyr  
Goode,  
Honey,  
Laprise,  
Lundrigan,  
MacDonald (*Egmont*),  
<sup>2</sup> Marchand (*Kamloops-  
Cariboo*),

*Chairman*  
*Vice-Chairman*  
et Messieurs

Marshall,  
Mazankowski,  
McGrath,  
Robinson,  
Saltsman,  
St. Pierre,  
Whiting—20.

(Quorum 11)

*Le secrétaire du Comité*  
ROBERT V. VIRR  
*Clerk of the Committee*

Pursuant to S.O. 65(4) (b)

Conformément à l'article 65(4) (b) du  
Règlement

<sup>1</sup> Replaced Mr. Serre on June 16

<sup>1</sup> A remplacé M. Serre le 16 juin

<sup>2</sup> Replaced Mr Goode on June 16

<sup>2</sup> A remplacé M. Goode le 16 juin

<sup>3</sup> Replaced Mr. Robinson on June 16

<sup>3</sup> A remplacé M. Robinson le 16 juin

<sup>4</sup> Replaced Mr. Saltsman on June 16

<sup>4</sup> A remplacé M. Saltsman le 16 juin

## REPORT TO THE HOUSE

TUESDAY, June 17, 1969

The Standing Committee on Regional Development has the honour to present its

### FOURTH REPORT

Pursuant to its Order of Reference of June 6, 1969 your Committee has considered Bill C-202, An Act to provide incentives for the development of productive employment opportunities in regions of Canada determined to require special measures to facilitate economic expansion and social adjustment, and has agreed to report it with the following amendments:

#### *Clause 3*

Strike out line 31 on page 2 and substitute the following:

"thereof not less than 5,000 square miles".

#### *New Clause 16*

Insert new Clause 16 as follows:

16. The Minister shall, within forty days after the coming into force of this Act and monthly thereafter, or, if Parliament is not then sitting, on any of the first five days thereafter that Parliament is sitting, submit to Parliament a report respecting the administration of this Act.

#### *Old Clauses 16 and 17*

Re-number as Clauses 17 and 18.

A copy of the Minutes of Proceedings and Evidence relating to this Bill (*Issues 14 to 16 inclusive*) is tabled.

Respectfully submitted,

*Le président,*  
JOHN B. MORISON,  
*Chairman.*

## RAPPORT À LA CHAMBRE

Le MARDI 17 juin 1969

Le Comité permanent de l'expansion économique régionale a l'honneur de présenter son

### QUATRIÈME RAPPORT

Conformément à l'ordre de renvoi du 6 juin 1969, le Comité a étudié le Bill C-202, Loi prévoyant des subventions au développement pour favoriser les possibilités d'emploi productif dans les régions du Canada où des mesures spéciales sont nécessaires pour promouvoir l'expansion économique et le relèvement social, et est convenu d'en faire rapport avec les modifications suivantes:

#### *Article 3 du Bill*

Retrancher la ligne 30, à la page 2 et la remplacer par ce qui suit:

«superficie n'est pas inférieure à 5,000 milles»

#### *Nouvel article 16 du Bill*

Insérer le nouvel article 16 qui se lit comme suit:

«16. Le Ministre doit, dans les quarante jours qui suivent l'entrée en vigueur de la présente loi et à chaque mois par la suite, ou, si le Parlement ne siège pas alors, l'un des cinq premiers jours où il siège par la suite, soumettre au Parlement un rapport sur l'administration de la présente loi.»

#### *Anciens articles 16 et 17 du Bill*

Renommer les anciens articles 16 et 17 qui deviennent les articles 17 et 18 respectivement.

Un exemplaire des procès-verbaux et témoignages relatifs à ce Bill (*fascicules n° 14 à 16 inclusivement*) est déposé.

Respectueusement soumis,





[Text]

## MINUTES OF PROCEEDINGS

MONDAY, June 16, 1969  
(16)

The Standing Committee on Regional Development met this day at 8.10 p.m., the Chairman, Mr. Morison presiding.

*Members present:* Messrs. Blouin, Breau, Broadbent, Burton, Comtois, Cullen, Cyr, Foster, Honey, MacDonald (*Egmont*), Marchand (*Kamloops-Cariboo*), Marshall, Morison, St. Pierre and Whiting—(15).

*Also present:* Messrs. Hopkins, McBride and Skoberg, Members of Parliament.

*Appearing:* The Honourable Jean Marchand, Minister of Regional Economic Expansion.

*Witness:* Mr. Tom Kent, Deputy Minister of Regional Economic Expansion.

The Committee resumed consideration of Bill C-202, the Regional Development Incentives Act.

By unanimous consent Mr. St. Pierre was permitted to withdraw his motion of Wednesday, June 11, 1969 respecting Clause 3.

Thereupon Mr. St. Pierre moved a new amendment to Clause 3 as follows:

That Bill C-202 be amended by deleting line 31 on page 2 and substituting the following

'thereof not less than 5000 square miles'

Motion agreed to.

Clause 3 as amended carried.

On Clause 2 Mr. Broadbent moved

That Clause 2 of Bill C-202 be amended by deleting lines 13 to 16 inclusive on page 2 and substituting therefor

'the necessary components of all forms of industrial activity'

Motion negatived.

[Traduction]

## PROCÈS-VERBAUX

Le LUNDI 16 juin 1969.  
(16)

Le Comité permanent de l'expansion économique régionale se réunit ce soir à 8 h. 10, sous la présidence de M. Morison.

*Présents:* MM. Blouin, Breau, Broadbent, Burton, Comtois, Cullen, Cyr, Foster, Honey, MacDonald (*Egmont*), Marchand (*Kamloops-Cariboo*), Marshall, Morison, St. Pierre, Whiting—(15).

*De même que:* MM. Hopkins, McBride et Skoberg, députés.

*A comparu:* L'honorable Jean Marchand, ministre de l'Expansion économique régionale.

*Témoin:* M. Tom Kent, sous-ministre de l'Expansion économique régionale.

Le Comité reprend l'examen du Bill C-202, Loi sur les subventions au développement régional.

Par accord unanime, M. St. Pierre est autorisé à retirer la motion relative à l'article 3 qu'il avait présentée le mercredi 11 juin 1969.

M. St. Pierre propose alors un nouvel amendement à l'article 3, que voici:

Que le Bill C-202 soit modifié par le retranchement de la ligne 30, à la page 2, et son remplacement par ce qui suit:

«superficie n'est pas inférieure à 5,000 milles».

La motion est adoptée.

L'article 3 sous sa forme modifiée est adopté.

Sur l'article 2, M. Broadbent propose

Que l'article 2 du Bill C-202 soit modifié par le retranchement des lignes 11 à 15 incluse, à la page 2, et leur remplacement par ce qui suit:

«toutes les formes d'activité industrielle;».

La motion est rejetée.

Thereupon Mr. MacDonald (Egmont) moved

That Clause 2 of Bill C-202 be amended by

Striking out sub-paragraph (f) and substituting the following

- (f) "facility" means the structures, machinery and equipment that constitute the necessary components of
- (i) a manufacturing operation;
  - (ii) a tourist operation;
  - (iii) a service operation;
  - (iv) a processing operation other than an initial processing operation in a resource-based industry.

Motion negatived.

Clauses 2, 4, 5 and 6 were carried.

On Clause 7 Mr. Burton moved

That Bill C-202 be amended, by including in Clause 7, section 1, the following new subsection (c):

"the establishment of a crown corporation in consultation with provincial authorities would make a more significant contribution to economic expansion and social adjustment within the designated region".

Motion negatived.

Thereupon Mr. Broadbent moved that Bill C-202 be amended, in Clause 7 by including the following section

(3) "no development incentive may be authorized under this act for the establishment, expansion, or modernization of any facility if the applicant firm or company is non-resident owned or controlled."

Motion negatived.

Clauses 7, 8, 9, 10, 11 and 12 were carried

On Clause 13 Mr. Burton moved

That Bill C-202 be amended, in Clause 13, section 2, by deleting line 21 to 23

M. MacDonald (*Egmont*) propose alors  
Que l'article 2 du Bill C-202 soit modifié par le retranchement de l'alinéa f) et son remplacement par ce qui suit:

- f) «établissement» désigne les bâtiments, l'outillage et le matériel nécessaires à
- (i) une entreprise de fabrication;
  - (ii) une entreprise touristique;
  - (iii) une entreprise de services;
  - (iv) une entreprise de transformation, autres que ceux employés ou utilisés dans une étape de transformation initiale dans une industrie basée sur une ressource naturelle;».

La motion est rejetée.

Les articles 2, 4, 5 et 6 sont adoptés.

Sur l'article 7, M. Burton propose

Que le Bill C-202 soit modifié par l'insertion, au paragraphe (1) de l'article 7, du nouvel alinéa c) que voici:

«que l'implantation d'une société de la Couronne en consultation avec les autorités provinciales contribuerait plus notablement à l'expansion économique et au relèvement social dans la région désignée.»

La motion est rejetée.

M. Broadbent propose alors que le Bill C-202 soit modifié par l'insertion, à l'article 7, du paragraphe suivant:

(3) «L'attribution d'une subvention au développement ne peut être autorisée en vertu de la présente loi pour l'implantation, l'agrandissement ou la modernisation d'un établissement si toutes les actions ou une partie des actions de l'entreprise ou de la société qui en font la demande appartiennent à des non-résidents.»

La motion est rejetée.

Les articles 7, 8, 9, 10, 11 et 12 sont adoptés.

Sur l'article 13, M. Burton propose

Que le Bill C-202 soit modifié, au paragraphe (2) de l'article 13, par le retran-

inclusive of page 10 and substituting the following

“ending on the 31st day of December 1976”.

Motion negatived.

Clauses 13 and 14 were carried.

Before considering Clause 15 Mr. Broadbent moved that Bill C-202 be amended, by adding in new clause 18, as follows:

18. “the Minister shall, as soon as possible, for the end of each fiscal year, prepare a report on the administration of this act during that fiscal year, and shall cause such a report to be laid before Parliament, forthwith, upon the completion thereof, or if Parliament is not sitting, on any of the first 15 days next thereof that Parliament is sitting”.

Motion negatived.

Clause 15 was carried.

On Clause 16 Mr. MacDonald moved that Bill C-202 be amended by adding new Clause 16 as follows:

16. “The Minister shall, within forty days after the coming into force of this Act and monthly thereafter, or, if Parliament is not then sitting, on any of the first five days thereafter that Parliament is sitting, submit to Parliament a report respecting the administration of this Act.”

and by renumbering old clauses 16 and 17 as 17 and 18.

Motion carried.

New Clause 16, as amended, carried.

Old Clauses 16 and 17 (new Clauses 17 and 18) were carried.

Clause 1 was carried.

The Preamble and title were carried.

The Bill as amended was carried.

chement des lignes 22 et 23, à la page 10, et leur remplacement par ce qui suit:

«termine le 31<sup>e</sup> jour du mois de décembre 1976.»

La motion est rejetée.

Les articles 13 et 14 sont adoptés.

Avant que l'on ne passe à l'étude de l'article 15, M. Broadbent propose

Que le Bill C-202 soit modifié par l'insertion du nouvel article 18 que voici:

18. «Le Ministre doit préparer dès que possible, à la fin de chaque année financière, un rapport sur l'exécution de la présente loi au cours de cette année financière, et doit faire déposer ce rapport au Parlement dès qu'il est terminé, ou, si le Parlement n'est pas en session, dans les 15 jours qui suivent la reprise de la session.»

La motion est rejetée.

L'article 15 est adopté.

Sur l'article 16 M. MacDonald propose Que le Bill C-202 soit modifié par l'insertion du nouvel article 16 que voici:

16. «Le Ministre doit, dans les quarante jours qui suivent l'entrée en vigueur de la présente loi et à chaque mois par la suite, ou, si le Parlement ne siège pas alors, l'un des cinq premiers jours où il siège par la suite, soumettre au Parlement un rapport sur l'administration de la présente loi.»

et par le renumérotage des anciens articles 16 et 17, qui deviennent les articles 17 et 18 respectivement.

La motion est adoptée.

Le nouvel article 16, sous sa forme modifiée, est adopté.

Les anciens articles 16 et 17 (nouveaux articles 17 et 18) sont adoptés.

L'article 1 est adopté.

Le préambule et le titre sont adoptés.

Le Bill sous sa forme modifiée est adopté.



The Chairman was instructed to report  
the Bill.

Le président reçoit ordre de faire  
rapport du Bill.

At 11.00 p.m. the Committee adjourned  
to the call of the Chair.

A 11 h. du soir, le Comité s'ajourne  
jusqu'à nouvelle convocation du président.

*Le secrétaire du Comité,*

R. V. Virr,

*Clerk of the Committee.*

[Texte]

## EVIDENCE

(Recorded by electronic apparatus)

Monday, June 16, 1969.

• 2009

**The Chairman:** Gentlemen, we have a quorum.

When we adjourned last Tuesday evening, we were discussing Clause 3. Mr. St. Pierre had proposed an amendment and we were discussing that amendment. I propose, Mr. St. Pierre, to ask you to start off this evening with your amendment and we will see if we cannot carry Clause 3 and return to Clause 2.

**Mr. St. Pierre:** Thank you, Mr. Chairman. We did take the week-end to reconsider this matter and I do not want now to go through my whole argument again. So just to summarize it, it was that in some areas of the country, including mine, there are geographic factors which, in my opinion, make 10,000 square miles as a minimum unreasonably large because of geographic barriers. Possibly to simplify this matter, if the Committee would give me permission to withdraw that motion and to place another one, I would like instead to move that subclause 3. . .

**The Chairman:** Just a moment, Mr. St. Pierre. Does Mr. St. Pierre then have the agreement of the Committee to withdraw his amendment?

**Some hon. Members:** Agreed.

• 2010

**Mr. St. Pierre:** I move that line 31 of page 2 of Bill C-202 be deleted and replaced with the words "thereof not less than 5,000 square miles."

I hope this is a compromise which will prove acceptable to the Committee.

**The Chairman:** Is there any comment on that? Mr. Burton.

**Mr. Burton:** Mr. Chairman, I was interested in this approach involving the use of a certain established physical size as a requirement in setting up a region for the purposes of this bill. I wanted to inquire just what studies have been carried out in terms of what should be involved in the establishment of a

[Interprétation]

## TÉMOIGNAGES

(Enregistrement électronique)

Le lundi 16 juin 1969

**Le président:** Nous avons le quorum, messieurs.

Lorsque nous avons ajourné, mardi soir dernier, nous étudions l'article 3. M. St-Pierre avait proposé une modification et nous étions en train d'en discuter. Je demanderai à M. St-Pierre de prendre la parole, dès le début de la séance de ce soir. Si nous ne pouvons pas nous entendre sur l'article 3, nous passerons à l'article 2.

**M. St-Pierre:** Merci, monsieur le président. Nous avons réexaminé cette question pendant la fin de semaine et je ne veux pas étaler à nouveau mon argumentation. Je vais la résumer: dans certaines régions du pays, dont ma propre région, il y a des facteurs géographiques qui, à mon avis, font de la superficie de 10,000 milles carrés un minimum beaucoup trop grand à cause des barrières géographiques.

Pour simplifier la question, avec la permission du Comité, j'aimerais remplacer la motion par une nouvelle motion. Au lieu de proposer que le paragraphe 3. . .

**Le président:** Un instant. Est-ce que M. St-Pierre a la permission du Comité pour retirer son amendement?

**Des voix:** D'accord.

**M. St-Pierre:** La motion viserait à éliminer la phrase 31 du folio 2 du bill C-202 et de le remplacer par les mots: «dont la superficie n'est pas inférieure à 5,000 milles carrés.»

Je crois que c'est là un compromis que le Comité pourra juger acceptable.

**Le président:** Quelqu'un désire-t-il faire des commentaires à ce sujet?

**M. Burton:** J'étais intéressé par la façon dont on a utilisé certaines superficies fixes comme condition pour établir une région aux fins du présent projet de loi. Je voulais seulement savoir quelles études ont été faites pour savoir ce qui devrait être compris dans la création d'une région. Je m'excuse si cela a

[Text]

region. Here I must apologize if some of this has been explained previously. I was not a member of the Committee...

**The Chairman:** If you will ask your question, the Minister will answer it and we will get on with it.

**Mr. Burton:** Just what factors went into the determination of this particular figure as set out in Clause 3, subclause (1)?

**Hon. Jean Marchand (Minister of Regional Economic Expansion):** I think this was explained at the first meeting. As the whole purpose of this Clause is aimed at the development of regions, we have tried to define what we thought to be the smallest region that could exist and still be a region. In an area of 10,000 square miles, if you start from the middle of the square, it is only 50 miles to each border or limit, and that means that it can be travelled by car today. This was the only rationale behind it.

On the other hand, we wanted to be protected against perhaps thousands of applications coming from small villages or communities because from an administrative point of view, it would be impossible and it is not the purpose of the law. So this is the general idea. There is nothing sacred about 10,000 miles, but there is in it a protection because this is the only one we have in the law. We do not have any other. A lot of pressure is going to be exercised on us—there is no doubt about that. Therefore we have tried to design this device so that we are protected a little.

**Mr. Burton:** I can appreciate, Mr. Minister, that some standard or some criterion has to be set out in the bill; otherwise you will be subjected to intolerable pressures. As a matter of fact, I think you are going to be subjected to a great many pressures as it is. But why should physical size necessarily be the criterion that is used? Is it the only criterion that should be used? Could not population, for instance, just to take one other factor, be used as a criterion?

**Mr. Marchand (Langelier):** Well, as I mentioned, the whole law aims at developing regions. You can have a small population spread over a large territory and you can have the reverse. For example, you can have a city that could be designated, if you take only the criterion of population. Therefore we

• 2015

thought that in taking this criterion of 10,000 square miles, we could meet the requirements of the law and what we wanted to achieve. That is all.

[Interpretation]

déjà été expliqué. Je ne faisais pas partie du Comité à ce moment-là.

**Le président:** Veuillez poser votre question, le ministre vous répondra et nous continuerons.

**M. Burton:** Quels facteurs ont été pris en considération lors de la détermination du chiffre qui figure au paragraphe (1) de l'article 3?

**L'hon. Jean Marchand (ministre de l'Expansion économique régionale):** Cela a été expliqué à la première séance. Cet article vise l'expansion de régions que nous avons tenté de définir ce que nous croyions être la plus petite unité qui puisse exister dans notre esprit et qui soit encore une région. Dans une région de 10,000 milles carrés, si vous partez du centre du carré, il n'y a que 50 milles pour atteindre chaque frontière ou limite, distance que l'on peut parcourir en automobile de nos jours. C'est l'unique raison.

D'autre part, nous voulions nous protéger de milliers de demandes des petits villages et des petites collectivités parce que sur le plan administratif, cela serait impossible et cela ne correspond pas à l'objectif de la loi. C'est l'idée générale. Il n'y a rien de sacré au sujet des 10,000 milles, mais il y a une protection parce que c'est le seul genre que nous ayons dans la loi. Nous n'en avons pas d'autres. On va exercer beaucoup de pression sur nous, il ne fait aucun doute là-dessus. Nous avons donc tenté de prévoir ce dispositif pour nous protéger un peu.

**M. Burton:** Je comprends que certaines normes ou certains critères doivent être établis dans le projet de loi, autrement, vous seriez soumis à des pressions intolérables. De toute façon, je crois que vous aurez bien des pressions qui s'exerceront sur vous. Pourquoi la superficie est-elle le seul facteur dont on puisse se servir? Est-ce le seul critère qu'on devrait utiliser? Est-ce que la population pourrait être un facteur?

**M. Marchand (Langelier):** Comme je l'ai mentionné, la loi vise à l'expansion, des régions. Il peut y avoir une faible population répartie sur un grand territoire et il peut y avoir l'inverse. Par exemple, si une ville pouvait être désignée, parce que si vous prenez le critère de la population.

Nous avons donc pensé prendre le critère de la superficie de 10,000 milles carrés parce que cela nous permettait mieux de répondre aux exigences de la loi et à nos objectifs.



[Texte]

**Mr. Burton:** Mr. Chairman, to come down to cases, I want to set this out not necessarily in favour of any representations from that area, but not necessarily in opposition to it either. One area that comes to my mind and that I am familiar with is in my own Province of Saskatchewan, where we have the City of Regina, a portion of which I represent. About 40 miles to the west, we have the City of Moose Jaw, a city of some 35,000 people. Now obviously Regina does not qualify, or would not qualify as a region, I would think, unless there were some continued decline in the economic situation in the west. But there have been representations from the City of Moose Jaw for inclusion under this.

**The Chairman:** Mr. Burton, I do not want to interrupt you, but you have been represented on this Committee by some exceptionally talented men and I think you have done some pretty fair research on it. Obviously, I think you should have studied some of this research, or you should have got a better pattern to give you the information that you need before you came here. I do not want to cut short any of your remarks and certainly you can express them, but what you are going over has been discussed in this Committee not once, but I think twice. If you read the legislation you will see that—

**Mr. Burton:** I have read the legislation just on that point, sir.

**The Chairman:** All right, then you have, but I do not think you are really grasping the significance of the 10,000 square miles.

**Mr. Burton:** Mr. Chairman, with deference...

**Mr. Marchand (Langelier):** I can answer your question. If Regina can be designated and we feel that it should be designated, it is very easy. There are surely numerous small communities around Regina that deserve to be designated probably as much as Moose Jaw. So it is quite easy to include Moose Jaw in an area of 10,000 square miles. Do you not think so?

**Mr. Burton:** This would extend in the other direction. This is possible but not necessarily so. It seems to me there is a special problem located in Moose Jaw.

**Mr. Marchand (Langelier):** There is no region which is necessarily designated in this, but we can do it.

**Mr. Burton:** Yes, I understand.

[Interprétation]

**M. Burton:** Monsieur le président, revenons-en aux faits, non pas nécessairement en faveur de toute instance en provenance de cette région, ni en position non plus. Une région que je connais bien, c'est la région située en Saskatchewan où se trouve la ville de Régina, dont je représente une partie. A environ 40 milles à l'ouest, il y a Moose Jaw, ville de 35,000 habitants. Il est évident que Régina ne peut et n'est pas admise comme région à moins qu'il y ait une baisse constante de la situation économique dans l'ouest. Mais la ville de Moose Jaw présente des instances pour y être admise.

**Le président:** Je ne veux pas vous interrompre mais vous avez été représentés au Comité par des hommes très talentueux et je crois que vous avez fait d'assez bonnes recherches à ce sujet. Je crois que vous auriez dû étudié une partie de cette recherche ou vous auriez dû établir nos meilleurs modèle pour obtenir les renseignements nécessaires avant de venir témoigner. Je ne veux pas vous empêcher de faire des remarques et vous avez le droit de les formuler, mais ce dont vous parlez, on en a déjà discuté au Comité, non pas une seule fois mais au moins deux fois. Si vous lisez le texte de la loi, vous vous apercevrez que...

**M. Burton:** Oui, j'ai lu le projet de loi à ce sujet précisément, monsieur le président.

**Le président:** Très bien, mais je ne crois pas que vous compreniez bien le sens de ces 10,000 milles carrés.

**M. Burton:** Monsieur le président, avec tout le respect...

**M. Marchand (Langelier):** Je puis répondre à votre question. Si Regina peut être désigné et nous croyons qu'elle devrait l'être, c'est très facile. Il y a certainement plusieurs petites collectivités autour de Regina qui peuvent être désignées comme Moose Jaw. C'est donc assez facile d'inclure Moose Jaw dans une région de 10,000 milles carrés, ne croyez-vous pas?

**M. Burton:** Cela s'appliquerait dans l'autre direction. C'est possible, mais pas nécessairement. Il me semble y avoir un problème spécial dans le cas de Moose Jaw.

**M. Marchand (Langelier):** Il n'y a pas de région qui soit nécessairement désignée, mais nous pouvons le faire.

**M. Burton:** Je comprends.

[Text]

**Mr. Marchand (Langelier):** There is no region which you can say is designated according to law. It will be done to regulations. Then is it feasible, legally, to designate Moose Jaw? Of course it is; of course we can do it. We have only to take 10,000 square miles or whatever number of square miles we agreed on and to include Moose Jaw in it. That is all.

**Mr. Burton:** And it would not have to be in a square as such either, I understand.

**Mr. Marchand (Langelier):** Well, if you want to designate Moose Jaw, you make the square.

**Mr. Burton:** Mr. Chairman, I just want to submit to you that my remarks were quite relevant to the Clause under consideration since he pointed out certain things to me.

**The Chairman:** I am sure they were, Mr. Burton, but as the Minister has explained, he had answered your question. The answer was there and I assumed that you would probably know it, as I say, because of the excellent representation. . .

**Mr. Burton:** The proceedings of the previous meetings are not yet available.

**The Chairman:** I just thought your colleagues might have briefed you; that is all.

**Mr. Burton:** I have had some briefing on this, but I think there are a lot of details in this legislation.

**The Chairman:** Mr. Cyr.

**M. Cyr:** Monsieur le président, à cet article 3 où il est question d'une superficie qui n'est pas inférieure à 10,000 milles carrés,

je crois que cette superficie est juste et raisonnable. Voici, nous avons dans les régions du bas du fleuve et de la Gaspésie une entente sur le développement régional et celle-ci englobe neuf comptés provinciaux, mais je crois qu'il est impossible de le faire en vertu de la loi, sans déterminer une limite quant à ces superficies.

Si nous nous limitons à 2,000 milles carrés ou, tel que le veut l'amendement à 5,000 milles carrés, je crois que nous allons au devant de difficultés terribles et quel que soit le ministre qui aura à appliquer cette loi, nous lui demandons de prendre des décisions très, très difficiles et que cela peut même mener à des décisions arbitraires.

C'est pourquoi je suis contre cet amendement et je crois que nous devrions nous en tenir à la superficie de 10,000 milles carrés,

[Interpretation]

**M. Marchand (Langelier):** Nous ne pouvons pas dire qu'une région soit désignée d'après la loi. Cela se fera d'après les règlements. Alors, est-il possible sur le plan juridique de désigner Moose Jaw? Oui, c'est possible. Nous n'avons qu'à prendre une superficie de 10,000 milles carrés ou autre convenue et à y inclure Moose Jaw, et le problème est réglé.

**M. Burton:** Cela ne devra pas nécessairement être un carré?

**M. Marchand (Langelier):** Non, enfin si vous voulez désigner Moose Jaw, vous faites le carré.

**M. Burton:** Monsieur le président, je voulais seulement vous dire que mes remarques étaient pertinentes parce que le ministre m'a expliqué quelque chose.

**Le président:** Je sais qu'elles l'étaient mais le ministre vous a expliqué qu'il avait répondu à votre question. La réponse, y était et je présume que vous le sauriez probablement, comme je dis, parce que l'excellent témoignage. . .

**M. Burton:** Les procès-verbaux des séances précédentes ne sont pas encore disponibles.

**Le président:** Je croyais que vos collègues vous en auraient donné un résumé.

**M. Burton:** J'ai eu quelques détails mais je crois qu'il y en a plusieurs.

**Le président:** Monsieur Cyr.

**Mr. Cyr:** Mr. Chairman, in this Clause 3 where reference is made to an area

not less than 10,000 square miles in size, I think that this area is fair and reasonable.

In the Lower St. Lawrence regions and in Gaspé we have an agreement with regard to regional development. This agreement covers nine provincial counties. But I think it is impossible to have regional development in terms of the Act without setting an area limit.

If we limit ourselves to 2,000 square miles, or 5,000 square miles according to the amendment, I think we are getting ourselves into terrible difficulties. And whatever Minister has to apply the Act, we would be asking him to reach extremely difficult decisions, and this may give rise to arbitrary decisions.

This is why I am against this amendment, and I think we should limit ourselves to the 10,000 square miles area as mentioned in the



[Texte]

tel que stipulé à l'article afin que cette loi atteigne vraiment les buts pour lesquels elle est édictée.

**The Chairman:** Would you like to answer that?

**Mr. Marchand (Langelier):** I think, Mr. Chairman, that all we wanted under this clause 3 and this 10,000 square miles was some kind or protection in trying to define the smallest possible region. We understand that in certain parts of Canada this rule might be a little bit too restrictive but, for the most part, I think it will serve the purpose that we want it to serve. I share the opinion of Mr. Cyr, I think that 10,000 square miles is a fair and reasonable size, but I am ready to make the compromise to 5,000 miles square in order not to leave aside some quarter of Canada where it might be more difficult to include communities within this 10,000 square miles. I think, if the member insists that it is proper for his region, that I am ready to accept it that way.

**Mr. Marchand (Kamloops-Cariboo):** Mr. Chairman, I rather go along with Mr. St. Pierre's amendment. I would like to have heard the discussion the previous day. However, I would not want to see the Minister lock himself into a situation and thereby restrict himself. Rather than 5,000 square miles I would perhaps even prefer to see that whole line "not less than 10,000 square miles in size" taken out and leave the whole thing to be defined by the Minister in consultation with the province. I know that you are going to be under a lot of pressure, I know that you have a lot of discretionary powers under the Bill, my only concern is that you would get locked into an artificial situation. I fully agree with the objective of the legislation, which to foster is the economic health of an area and if an area needs a boost in its economy then you will have the power to go in and do it in co-operation with a province. I think I would like to see that 10,000 square miles left out altogether and leave the areas to be defined by consultation.

**Mr. Marchand (Langelier):** The only thing is that we need some kind of protection for the many pressures which will be put on us under this legislation and if at least we have that then it is something we can handle. I do not think it is too rigid. With 5,000 square miles I think that we can handle almost all

[Interprétation]

clause, in order for the legislation to achieve the purpose for which it was drafted.

**Le président:** Pourriez-vous répondre à la question?

**M. Marchand (Langelier):** Je crois, monsieur le président, tout ce que nous voulions faire en vertu de l'article 3 et de ces 10,000 milles carrés, c'était d'avoir une certaine protection en essayant de déterminer la plus petite unité qui pouvait être considérée comme région. Nous croyons que dans certaines régions du Canada, ce critère est un peu trop restrictif, mais pour la plupart des régions du Canada, je crois qu'il répondra aux objectifs que l'on s'était fixés en l'établissant. Je partage l'opinion de M. Cyr. Je crois que 10,000 milles carrés représentent une superficie raisonnable, mais je suis prêt à faire un compromis de 5,000 milles carrés, de façon à être certains de ne pas laisser de côté certaines parties du Canada où il serait plus difficile d'inclure des collectivités d'un maximum de 10,000 milles carrés.

Je crois que si le député insiste que cela convient à la région, je l'accepterais comme cela.

**M. Marchand (Kamloops-Cariboo):** Je préfère me joindre à l'amendement de M. St. Pierre, et j'aurais aimé participer à la discussion lors de la précédente séance. Mais, je ne voudrais pas que le ministre se retrouve dans une situation où il sera limité. Au lieu de 5,000 milles carrés je préfère qu'on enlève de l'amendement toute la phrase «sans être inférieur à 10,000 milles carrés». Le ministre décidera de la question après avoir consulté la province. Je sais qu'il y a beaucoup de pressions qui sont exercées sur vous, monsieur le président. Je sais que vous avez un certain nombre de pouvoirs discrétionnaires dans le cadre du projet de loi. J'ai peur que vous soyez pris dans une situation artificielle. Je suis tout à fait d'accord avec les objectifs de la mesure législative qui vise à améliorer la prospérité économique de la région et si la région a besoin d'un essor économique vous aurez le pouvoir de le faire avec la collaboration d'une province. Je voudrais que les 10,000 milles carrés ne soient pas compris dans l'amendement et qu'on délimite ces régions par des consultations.

**M. Marchand (Langelier):** La seule chose est que nous avons vraiment besoin de protection. Il y aura tellement de pressions qui s'exerceront sur nous en vertu de ces mesures législatives, mais si nous avons cette limite fixée, nous pourrons nous en tirer ainsi. Je ne crois pas que ce soit trop rigide, je crois que



[Text]

problems and at the same time have the protection that we want to have.

**The Chairman:** Mr. Comtois.

**M. Comtois:** Simplement quelques mots pour dire que moi pour un, je m'oppose à tout changement au projet de loi, je crois que la limite de 10,000 milles carrés est un minimum réaliste. Dans le passé, trop souvent, nous nous sommes plaints au sujet des régions désignées qui étaient trop petites, rapprochées des centres de main-d'œuvre et nous avions, de ce fait à faire face à des problèmes très compliqués. Je pense bien que 10,000 milles carrés, en tenant compte de notre province et de notre pays dans leur ensemble, est un chiffre très réaliste et c'est un minimum non seulement acceptable, mais recommandable. Pour ma part, je tiens beaucoup à ce que nous nous en tenions à cette limite de 10,000 milles carrés.

**Mr. MacDonald (Egmont):** In thinking over the discussion this evening and the previous discussion we had last week, it does seem to me we are spending a lot of time on what is not a major issue in the Bill. I go back to what I said that day and I would echo what Mr. Marchand has just said, that it does seem to me that we would solve a lot of problems if we just struck out that particular line that refers to the actual size. Quite frankly, I do not find any of the arguments of the Minister very compelling, either for 10,000 square miles or 5,000 square miles. He apparently has not locked himself into any figures and, since he has not, I would simply be consistent in the matter and say let us not lock ourselves in. I think the argument that he uses, that he would be vulnerable to certain pressures, is a rather strange one for him to put forward in view of the fact that we are giving passage to a Bill here in which he or his officials are going to be exposed to any number of pressures. He knows this and he has already indicated that he is prepared to accept, as a fact of life, living with the context of this Bill. We know, no matter whether

[Interpretation]

5,000 milles carrés sont aussi satisfaisants et nous permettront de régler la plupart des problèmes. En même temps nous aurons la protection que nous voudrions avoir.

**Le président:** Monsieur Comtois.

**Mr. Comtois:** I would like to say a few words. I personally am opposed to any amendment of the bill. I think that 10,000 square miles is a realistic minimum. In the past, only too often, we have complained about designated areas that were too small and which were close to Manpower Centres, and because of this we had to face very complicated problems. I think that 10,000 square miles, when you take into account our province and our country as a whole, is a very realistic figure. It is a minimum that is not only acceptable but to be recommended. Personally I am very much in favour of maintaining this 10,000 square mile limit.

**M. MacDonald (Egmont):** En ce qui concerne la discussion de ce soir et celle qu'on a eu auparavant, la semaine dernière, je crois que nous perdons beaucoup de temps sur ce qui n'est pas une question importante dans le bill. Je reviens à ce que j'ai dit ce jour-là, et je voudrais rappeler ce que M. Marchand a déjà dit d'ailleurs à ce sujet, il me semble que nous pourrions résoudre beaucoup de problèmes, si nous éliminions simplement cette ligne qui détermine la superficie. Franchement, je ne crois pas que les arguments de M. le ministre soient très convaincants, ni pour 10,000 milles carrés ni pour 5,000 milles carrés. Il n'a pas fixé les chiffres et il faut que nous soyons comme cela. Je crois que l'argument qu'il emploie étant sensible à certaines pressions est un peu spécial pour le présenter étant donné que nous allons adopter un bill en vertu duquel le ministre et ses hauts fonctionnaires seront soumis à de nombreuses pressions. Il doit admettre cela et il a déjà dit qu'il l'acceptera comme un fait de s'occuper des dispositions au projet de loi. Nous sommes sûrs qu'il s'agisse de 5,000 milles, 8,000 milles ou 10,000 milles, il y aura toujours une exception qui ne correspondra pas à ce qu'on veut faire, parce que le ministre l'a mentionné concernant l'Île-du-Prince-Édouard. Il pourrait peut-être y avoir d'autres situations où il faudrait prévoir des exceptions. Pourquoi créer des problèmes, s'il y a de toute façon assez de problèmes qui surgissent à la mise en application de cette mesure législative.

#### • 2025

it is 5,000, 8,000 or 10,000 square miles, that there is going to be at least one exception or we assume so, because the Minister implied so in respect of Prince Edward Island—and it may well be that there will be others that will need to be created. I do not know why we would create artificial problems when I think there are going to be plenty of problems naturally created in the implementation of this legislation.

## [Texte]

**Mr. Marchand (Langelier):** First, I will answer Mr. Comtois. You cannot compare this legislation with the present ADA legislation because in that connection we are tied to the jurisdiction of the Canada Manpower Centre. This is defined, this is known, and this is something, that you cannot move. But in this connection, when we speak of 5,000 or 10,000 square miles, there is nothing to prevent our having flexibility—a flexibility that you do not have under the present law. This is why you cannot compare, and I do not think the shortcomings of the present law have been corrected by this.

I cannot argue very, very strongly because I cannot find very, very strong arguments. The only argument we have is to give us some kind of protection against our being flooded by applications from all the small communities throughout Canada. We cannot afford that and this is the only serious reason. Considering that this is regional development, we think we have to at least define the minimum size of a region. Can you say a village is a region? You cannot say that.

That is why we thought that it was useful to have something. The 10,000 square miles is not something that we picked from the Bible, it is something we thought was reasonable. While we can even accept 5,000 square miles, I think that you should leave this little protection we have. At the same time we will have enough flexibility to handle all difficult cases. This is why I am ready to accept Mr. St. Pierre's amendment. However, I would not like to drop the clause entirely. I am not ready to fight to the death on this because I would like to have a good reason for dying.

**The Chairman:** Have you one more question, Mr. Burton?

**Mr. Burton:** Mr. Chairman, I just wanted to ask the Minister if he has any departmental studies that could be made available or tabled with this Committee with respect to determination of what size areas should be created, the concepts of growth centres which, after all, is the key aspect of this whole legislation. Is there any information of this sort which the Minister could make available to the Committee for our study and information?

**Mr. Marchand (Langelier):** No, there is not because the growth centres are supposed to be designated after consultation with the provinces. If we decided what the growth centres are, this would be useless.

## [Interprétation]

**M. Marchand (Langelier):** Je vais d'abord répondre à la question de M. Comtois. Vous ne pouvez pas comparer cette mesure législative avec la situation qui existe en vertu de la législation actuelle de l'ADA, parce qu'il y a les Centres de main-d'œuvre du Canada qui sont en cause. C'est connu et fixé. Nous ne pouvons pas changer la situation. Lorsque nous parlons de 5,000 milles ou 10,000 milles, il n'y a rien qui nous empêche d'être souple. Cette souplesse n'existe pas en vertu de la présente loi. C'est pourquoi on ne peut comparer et je ne pense pas qu'on a pu y remédier par le nouveau projet de loi.

Je ne peux pas discuter parce que je n'ai pas d'arguments. Le seul argument c'est que cela nous donnerait une certaine protection contre toutes les demandes venant de toutes les petites collectivités du Canada. C'est la seule raison, enfin la seule raison sérieuse. On ne peut pas se le permettre et c'est la seule raison sérieuse. Si l'on pense qu'il s'agit de l'expansion régionale, nous devons du moins établir le minimum qui délimite une région. Vous ne pouvez pas dire qu'un village représente une région.

C'est pourquoi nous avons cru bon de préciser une superficie minimum de 10,000 milles, mais ce 10,000 milles n'est pas une parole de la Bible, nous avons cru que c'était une superficie raisonnable. Nous pourrions accepter tout aussi bien 5,000 milles, mais laissons cette protection que nous avons. En même temps, nous aurons assez de souplesse pour régler tous les cas difficiles. C'est pourquoi je suis prêt à accepter l'amendement de M. St. Pierre, mais je n'aimerais pas laisser tomber cet article en entier. Je ne lutterais pas jusqu'à la mort là-dessus, car je ne tiens à avoir une bonne raison pour mourir.

**Le président:** Avez-vous d'autres questions, M. Burton?

**M. Burton:** M. le président, je voulais demander au ministre si son ministère a fait faire des études qu'il pourrait nous remettre on déposer au Comité en ce qui concerne la détermination des régions, les concepts des centres de croissance, qui est quand même un des aspects les plus importants de la présente mesure législative. Est-ce qu'il y a des documents ou des enquêtes que le ministre pourrait mettre à notre disposition à titre d'études ou d'information?

**M. Marchand (Langelier):** Non, les centres de croissance seront délimités après consultation avec les provinces. Nous ne pouvons pas décider actuellement quels seront les centres de croissance. Ce serait inutile.



[Text]

**Mr. Burton:** But do you have any theoretical studies on the concept of growth centres?

**Mr. Marchand (Langelier):** This was explained in the House when we presented the Bill and I think it is already in *Hansard*. There are no other reasons than those. This is something that has been advocated for years in Canada and I think it has been advocated in the House many times.

We want to try not to exclude the natural growth centre and, instead of excluding them from the designated region, try to reinforce them. This is the whole idea and the whole philosophy behind the Bill which is before us today. There is no analysis on all the potential growth centres in Canada because this does not exist.

**Mr. Burton:** No, I was not expecting that.

**Mr. Marchand (Langelier):** As a decision will have to be made after consultation with the provinces, how can we study or enlarge those situations when the discussions have not taken place yet?

**Mr. Burton:** I was thinking of more basic studies rather than empirical ones, Mr. Chairman.

**The Chairman:** Is the Committee ready for the question?

**Mr. Marshall:** Mr. Chairman, could I just clarify one point in respect of what the Minister mentioned. He mentioned protecting himself from small villages or communities applying for programs under the Incentives Act. Surely this is not so. A small village or community cannot apply to the federal government for an incentives program—it would surely have to go through the province.

**Mr. Marchand (Langelier):** If it is not in a designated region they can always ask, but I do not know which department is going to give the money.

**Mr. St. Pierre:** Mr. Chairman, may I ask a question for clarification. This refers to the discussion last week and it is just to clarify something the Minister said earlier. He spoke again, it seemed to me, as though the designated area would be squares and a distance of 50 miles from a central point out. I am sure it is understood that this area can be, as Mr. Kent said last week, 10 miles by 1,000 if the geographic realities are such.

[Interpretation]

**M. Burton:** Avez-vous des études sur le concept des centres de croissance.

**M. Marchand (Langelier):** Ce problème a été exposé à la Chambre lorsque j'ai présenté le bill. Les raisons sont inscrites au *hansard*. Il n'y en pas d'autres raisons. C'est quelque chose que nous avons préconisé depuis de nombreuses années au Canada, et je crois que cela a été proposé à la Chambre à plusieurs reprises.

Nous devons tenter de ne pas exclure les centres de croissance. Au lieu de les exclure des régions désignées, nous devrions tenter d'améliorer la situation des centres en pleine expansion. Enfin, cela est compris dans l'intention du bill qui est à l'étude aujourd'hui. Nous n'avons pas d'études sur tous les centres de croissance éventuels au Canada. Cela n'existe pas.

**M. Burton:** Je ne m'attendais pas à cela.

**M. Marchand (Langelier):** Étant donné qu'une décision sera prise après avoir consulté les provinces, comment pouvons-nous analyser ou remédier à ces situations si les délibérations n'ont même pas eu lieu.

**M. Burton:** Je parlais des études plus fondamentales que cela, M. le président.

**Le président:** Est-ce que le Comité est prêt pour la mise aux voix?

**M. Marshall:** M. le président, pourrais-je juste mettre au clair un point qui a été mentionné par le ministre. Il a dit qu'il voulait se protéger contre les demandes venant des petits villages et des collectivités en vertu de cette loi. Ce n'est certainement pas le cas. Un village ne peut pas s'adresser au gouvernement fédéral pour un programme d'encouragement. Cela doit certainement passer par les provinces.

**M. Marchand (Langelier):** Si ce n'est pas une région désignée, ils peuvent toujours demander. Je ne sais pas quel ministère accordera ces moyens.

**M. St-Pierre:** M. le président, puis-je poser une question d'éclaircissement. Elle se rapporte à notre discussion de la semaine dernière, c'est pour tirer un point au clair au sujet d'une remarque du ministre. Il a dit que la région désignée serait carrée et mesurée d'une distance de 50 milles à partir d'un point central. Cette région pourrait mesurer 10 milles par 1,000 milles, comme M. Kent l'a dit la semaine dernière, si la situation géographique le permet.



[Texte]

**Mr. Marchand (Langelier):** Yes, so that we can cover the valleys and so on.

**Mr. St. Pierre:** Thank you. I just wanted that clarified.

**Mr. Foster:** Mr. Minister, you have mentioned that people can drive conveniently 50 miles to work. Does this mean that if there is an area to be designated and there is an adjoining city which is very prosperous and has a healthy economic situation the boundary of the designated area would not be closer than 50 miles to this prosperous city?

**Mr. Marchand (Langelier):** No, it does not mean that.

**Mr. Foster:** The city probably would not be designated if it was economically healthy.

**Mr. Marchand (Langelier):** Well, even if it is designated that does not mean that we will agree to give grants.

**Mr. Foster:** Oh, I see.

**The Chairman:** It has been moved that line 31, page 2 of Bill C-202 be deleted and be replaced by the words "thereof not less than 5,000 square miles".

All in favour? Opposed?

Amendment agreed to.

**The Chairman:** Let us go back to Clause 2.

We discussed Clause 2 very briefly on Tuesday and I believe there are amendments from both Mr. MacDonald and Mr. Broadbent. I know there are some amendments which Mr. Broadbent is proposing. Would you like to take over from here, Mr. Broadbent?

**Mr. Broadbent:** Does Mr. MacDonald prefer that I go ahead?

**Mr. MacDonald (Egmont):** Yes, you go ahead.

**Mr. Broadbent:** I would like to propose an amendment to Clause 2(f). I will suggest the wording first and then comment on it.

I suggest in subclause (f) that all words after "or" on the third line be deleted and then add after the word "or" "all forms of industrial activity". If this amendment carries this subclause would read:

(f) "facility" means the structures, machinery and equipment that constitute the necessary components of all forms of industrial activity;

My reason for proposing the amendment is, as one might expect, an obviously good one,

[Interprétation]

**M. Marchand (Langelier):** Oui, pour comprendre les vallées, etc.

**M. St-Pierre:** Merci, je voulais juste une précision à ce sujet.

**M. Foster:** Monsieur le ministre, vous avez dit que les gens à 50 milles éloignés peuvent très bien se rendre au travail. Est-ce que cela veut dire que si l'on désigne une région et s'il y a une ville avoisinante qui est très prospère et dont la situation économique est très saine que la limite de cette région ne serait pas plus près que 50 milles d'une ville prospère.

**M. Marchand (Langelier):** Non, ça ne veut pas dire cela.

**M. Foster:** Alors, la ville ne serait probablement pas désignée s'il y avait une économie prospère.

**M. Marchand (Langelier):** Alors, même si elle est désignée, ça ne veut pas dire qu'on accordera des subventions.

**M. Foster:** Je vois.

**Le président:** On a proposé qu'à la page 2 du bill C-202, que la ligne 31 soit remplacée par «d'une superficie de non pas moins de 5,000 milles carrés». Tous ceux qui sont en faveur? Tous ceux qui s'y opposent?

L'amendement est adopté.

**Le président:** Rapportons-nous à l'article 2. On a parlé brièvement de cet article, mardi et je crois qu'il y a des amendements de la part de M. MacDonald et de M. Broadbent. Je sais qu'il y a certains amendements proposés par M. Broadbent, vous voulez bien prendre la parole maintenant.

**M. Broadbent:** Est-ce que M. MacDonald préfère que je commence?

**M. MacDonald (Egmont):** Oui, vous commencez.

**M. Broadbent:** A l'article 2, monsieur le président, sous-section (f), j'ai un amendement à proposer. Alors, je vais vous proposer le libellé, puis après proposer les commentaires.

Je propose que dans le paragraphe (f) tous les mots suivant «de» de la troisième ligne soient rayés et que l'on insère «toutes formes d'activité industrielle». Si l'amendement est apporté, le paragraphe serait le suivant:

(f) «établissement» désigne les bâtiments, l'outillage et le matériel nécessaires à toutes formes d'activité industrielle.

Je propose cet amendement pour certaines raisons.

[Text]

• 2035

in terms of my thinking. I am surprised that the Bill wants to restrict the areas that would benefit to those with a potential manufacturing growth rather than using growth potential in a much broader sense, because it would seem both in terms of Canadian and American experience an area can grow in modern society in terms of other kinds of industry. Tourism, for example, might be a very sensible kind of concept to apply to a certain area, then have that as a designated area and it should benefit from such a program. Take, for example, the northeastern United States. Historically, because of the concentration of academic resources in a certain area, this is subsequently followed by a manufacturing or related new technological manufacturing industry. To summarize very quickly, I think that the government would be restricting itself much too narrowly in a modern economy by restricting itself to the concept of manufacturing growth. It could be primary industry or other kinds of industrial expansion which would be more suitable for certain areas.

That is briefly the argument for the amendment. I wonder what the Minister would like to say.

**Mr. Marchand (Langelier):** You know, the purpose of this law is to bring into certain regions activities or industrial plants that would not normally come to that region. I am referring to a region which is depressed and no industry wants to go there because it is too far from the market or for many other reasons. This is the purpose. It is not a general law for the general development of the country or industry. This is not the purpose of the law. It is just an incentive which is supposed to incite industry to go to regions where they would not go normally, and this is why we are morally justified in using public money for that purpose.

Now perhaps we can have under the Department of Industry and Commerce grants to industry for the general development of industry in Canada. I would probably support this, if it made sense. But this is not the purpose of this piece of legislation. It is just to incite industry to come to a specific region. You know very well that the resource-based industry usually goes to those regions, not because they think that they should help the region but because they do not have a choice. For example, a mine is where you find it, and it is not going to locate somewhere else

[Interpretation]

Je m'étonne que le bill veuille restreindre les régions qui bénéficieraient à celles qui ont un potentiel d'expansion de l'activité manufacturière plutôt qu'au sens plus large du mot croissance. D'après l'expérience canadienne et américaine une région peut se développer dans une société moderne en fonction d'autres branches d'activité industrielle: le tourisme, par exemple, pourrait être très bénéfique pour une certaine région. Une région désignée saurait tirer profit d'un tel programme.

Si on prend les États-Unis, au nord-ouest. Du point de vue historique, ce sont les universités qui ont été suivies par une technologie assez répandue. Je crois que le gouvernement se restreint excessivement dans le cadre d'une économie moderne si elle se limitait à la notion de la croissance manufacturière. Cela pourrait être l'industrie primaire ou d'autres branches d'expansion industrielle qui conviendraient mieux à certaines régions.

Ceci représente en deux mots l'argument pour l'amendement. Je me demande ce que le ministre voudrait dire.

**M. Marchand (Langelier):** Vous savez que le but de ce bill est d'apporter à certaines régions des activités ou installations industrielles qui autrement ne pourraient pas s'établir dans cette région. Je fais allusion à une région désavantagée et aucune industrie ne voudrait s'y établir parce qu'elle est située trop à l'extérieur des centres commerciaux ou pour d'autres raisons. Voilà l'objectif. Ce n'est pas une règle générale pour l'expansion du pays ou de l'industrie. Ce n'est pas le but de la loi. C'est simplement un encouragement à l'industrie pour qu'elle s'implante dans les régions où elle ne s'établirait pas normalement, c'est cela qui nous justifie moralement à faire usage des fonds publics à cette fin.

Le ministère de l'Industrie et du Commerce pourrait certainement accorder des subventions au développement général de l'industrie. Je l'appuierais dans ce cas-là. Mais ce n'est pas le but de cette mesure législative. Elle vise plutôt à encourager l'industrie à s'installer dans une région spécifique.

Vous savez très bien que l'industrie qui dépend de certaines ressources s'établit dans une région où les ressources se trouvent, non pas pour aider la région mais parce qu'ils n'ont pas le choix. Par exemple, si vous avez



## [Texte]

because you give a grant. Take, for example, the pulp and paper industry. They are not only inclined but almost compelled economically to go where there is wood and raw materials, and this is the reason that they locate in those regions.

It is not the intent of the law to give grants to industry that would locate there in any case. This is not the purpose. The purpose is to locate industries or activities that would not take place in this region if they did not receive a grant or incentive from the government. These are very generous incentives and I do not think they should be regarded as windfall profits for companies. This, unfortunately, is what happened under the old law, not because it was badly administered but because automatically they were entitled to those grants. As I mentioned, you may have, for example, a pulp and paper mill located in New Brunswick and another one located near Toronto, the New Brunswick paper mill will be in a designated region but not the other one.

But, economically, the paper mill in New Brunswick is not at a disadvantage compared to the one in Toronto—not at all. Why should we take public money and most of this money would be Toronto money—and give it

## • 2040

to the Nova Scotia paper mill or the New Brunswick paper mill because it happened to be in a designated region when, economically, the plant is not at a disadvantage compared with the other. So the location factor is what is important and in most of those cases the presence of raw materials is usually the reason they locate in such places.

We can always contend there are some regions where those primary industries will not be developed at all if there are no incentives. If you look at the law establishing the Department, in those cases, if it is not possible to incite industries to come into this region and if, for example, you have a mine that cannot be developed, and it is not interesting for one reason or another, but does have an incentive that could be developed, then we are authorized and we are able to give them a grant on an ad hoc basis, not under this law, but under the law creating the Department.

We can, after signing an agreement with the provinces, help the tourist industry, for example. We can go further than this law, because there is no limit in the Bill creating the Department. The only restriction is the requirement for the approval of the Treasury

## [Interprétation]

une mine, elle se trouve là où il y a des ressources et non pas ailleurs parce que vous accordez une subvention. L'industrie du papier n'est pas en faveur, mais est forcée à s'établir là où il y a du bois ou des matières premières. C'est pour cela qu'ils s'établissent dans ces régions.

Alors ce n'est pas le but de la loi d'accorder des subventions aux industries qui s'y établissent de toute façon. C'est pour encourager des industries à s'établir dans une région donnée qui ne s'y implanteraient pas à moins de recevoir un encouragement de la part du gouvernement. Ce sont des octrois extrêmement généreux et cela pourrait constituer des bénéfices pour certaines compagnies.

C'est malheureusement, ce qui s'est passé en vertu de l'ancienne loi non pas parce qu'elle était mal administrée mais parce qu'ils avaient droit à leurs subventions. Alors, s'il y a un moulin à papier qui s'établit au Nouveau-Brunswick et un autre près de Toronto, le moulin du Nouveau-Brunswick se trouve dans une région désignée mais non pas l'autre.

Économiquement celui du Nouveau-Brunswick n'est pas désavantagé par rapport à celui de Toronto, pas du tout. Pourquoi prendre des fonds publics et la plupart du temps ce serait l'argent de Toronto pour le donner à une entreprise de la Nouvelle-Écosse ou du Nouveau-Brunswick parce que cela se trouve dans une région désignée au point de vue économique. L'usine n'est pas désavantagée par rapport à l'autre. Alors la question de l'emplacement de l'industrie est très importante et dans la plupart des cas, les ressources en matières premières constituent la raison pour laquelle l'industrie s'établit dans une telle région.

On peut prétendre qu'il y a certaines régions où ces industries primaires ne se développeraient pas du tout s'il n'y avait pas d'encouragement. Si vous regardez la loi qui établit le ministère, vous verrez que dans ce cas-là, s'il n'est pas possible d'amener les industries à s'établir dans ces régions, s'il y a une mine, par exemple, qu'on ne peut pas développer pour une raison ou pour une autre, alors, nous pouvons accorder des subventions à ces industries ou à cette mine, non pas en vertu de cette loi, mais aux termes de la loi qui établit le ministère.

En signant des accords avec les provinces, il nous est possible d'encourager l'industrie touristique. On peut dépasser même les limites de la loi, car la loi qui établit le ministère n'a pas de limite. Il faut seulement que le Conseil du Trésor l'approuve. Nous pouvons prêter de



[Text]

Board. We cannot only give money, but we can also lend money and guarantee loans; we can do almost everything. I think that all this is related to employment opportunities, and we know very well that it is the secondary industry which creates jobs. This is why there is a limitation in this law. However, if there are no other means to develop a region, we can do it under the law instituting the Department.

**Mr. Broadbent:** Mr. Chairman, I do not find that the Minister has replied adequately to the question I raised. The Act is called the Industrial Research and Development Act; it is not a manufacturers incentives act. If the Minister points out that under other laws pertaining to his Department he can do these other things, that is fine. However, we have a Bill here, the purpose and general principle of which is to deal with the industrial development of the country as a whole. I am in full agreement with this. Only why should we carry over an old notion that was working within the Department at one time, restricting itself to manufacturing, when right now the manufacturing sector of the economy is the declining sector in terms of employment? The real growth centre, for example, is in the service industry.

It seems to me that it is in one sense a minor point, and in another sense a major point. By accepting this amendment, it would only make your terms of reference broader. If what the Minister is saying, is that in terms of the operation of his Department he has no intention of being as restrictive as this Bill would suggest, then that would be fine. I do not know, but I would think that the potential economic benefits under other laws pertaining to the Minister's Department might not be so substantial as this.

**Mr. Marchand (Langelier):** You should know. It was adopted two months ago in the House.

**Mr. Broadbent:** Right. A tourist industry, a region that was so designated as a potential growth area for tourism would not get the same financial benefits, if I understand the Minister's reply, as things now stand, as would a sector of the country that could develop a manufacturing base. My question still remains; why be so restrictive?

**Mr. Marchand (Langelier):** I tried to tell you why we are a little restrictive on this law, the Industrial Research and Development Act.

[Interpretation]

l'argent; nous pouvons garantir des prêts; nous pouvons presque tout faire. Mais je crois que tout cela se rapporte à l'emploi, et nous savons parfaitement que c'est l'industrie secondaire qui crée les emplois. C'est pour cela qu'on établit une limite dans le cadre de cette loi. Cependant, s'il n'y a pas d'autres moyens de développer une région, nous pouvons nous prévaloir de la loi qui établit le ministère.

**M. Broadbent:** Je ne crois pas que la réponse du ministre soit suffisante. Il s'agit de la Loi stimulant la recherche et le développement scientifiques, non d'une loi dont le but serait d'encourager les industriels. Si le ministre pense que les autres lois concernant son ministère lui permettent de faire cela, c'est très bien. Cependant, nous avons ici un bill, dont l'esprit et le principe général est de promouvoir le développement industriel de l'ensemble du pays. Je suis tout à fait d'accord avec cela. Mais pourquoi devrions-nous perpétuer une vieille notion et nous en tenir à l'industrie manufacturière seulement, alors que cette dernière est en déclin, du point de vue de l'emploi? L'industrie la plus en expansion est celle des services.

C'est une chose importante, ou sans importance, selon le point de vue. L'amendement accroîtrait vos pouvoirs.

Si le ministre nous dit qu'il n'a pas d'intention de restreindre la partie du bill en ce qui concerne l'administration de son ministère, c'est son affaire. Il me semble que les avantages économiques découlant d'autres lois seraient peut-être moins considérables.

**M. Marchand (Langelier):** Vous devriez le savoir. La Chambre l'a adopté il y a deux mois.

**M. Broadbent:** Le tourisme dans une région désignée ne pourrait pas bénéficier, d'après la réponse du ministre, des mêmes avantages financiers que ceux que recevrait une région qui pourrait accueillir des industries manufacturières. Pourquoi fait-on cette restriction?

**M. Marchand (Langelier):** J'ai essayé de vous dire pourquoi on est limitatif à l'égard de la Loi stimulant la recherche et le dévelop-

## [Texte]

According to Section 28 of the law creating the Department, where it is said that we can, in the special area, provide

## • 2045

(a) the guarantee, by Canada, of payment of the principal or interest of any loan required to be obtained by that person to enable him to establish, expand or modernize the undertaking;

(b) the payment by Canada of a grant or loan in respect of a part of the capital cost of establishing, expanding or modernizing the undertaking; or

(c) the payment by Canada of a grant in respect of such part of the costs of bringing into commercial production and operating the new, expanded or modernized undertaking that are incurred...

You have all this. We can do it. You say the fastest growing sector is the service industry. This is true where the secondary industry is prosperous. The service industry is not prosperous where you do not have primary or secondary industries.

**Mr. Broadbent:** In some cases you have a primary industry or base, and then you have a related tourist industry. This, of course, does not provide for primary industry either; it is secondary.

**Mr. Marchand (Langelier):** No. We can do it under the Act establishing the Department if it is the sole activity that can be developed in that region. The purpose of this is to bring industries into underdeveloped regions. This is the purpose of the law. The purpose is not to help those who have to be there in any case. This is a grant which will incite industry to go there.

If you have a nickel mine somewhere in Sudbury, you do not need a grant to incite a company to exploit that, because it does not have a choice. It cannot exploit it in Toronto or in Montreal. We are using public money to incite industries that have refused to go to a region; we give such industries some incentive to go there. I think this is good use of public money. Otherwise you will give windfall profits to companies as has happened in the past, with big companies often having more money than we have.

**Mr. Broadbent:** Mr. Chairman, I find the Minister's comments interesting, however, they are irrelevant to my argument. I will leave my comments.

## [Interprétation]

pement scientifiques. L'article 28 de la loi établissant le ministère prévoit:

a) la garantie, par le Canada, du paiement du principal ou de l'intérêt de tout prêt dont l'obtention par cette personne est nécessaire pour lui permettre d'établir; d'agrandir ou de moderniser l'entreprise;

b) le versement, par le Canada, d'une subvention ou d'un prêt pour une partie du coût en capital de l'établissement, de l'expansion ou de la modernisation de l'entreprise; ou

c) le versement, par le Canada, d'une subvention pour la partie des frais de mise en production commerciale et de fonctionnement de l'entreprise nouvelle, agrandie ou modernisée, encourus...

Tout est là. Tout est possible. Vous dites que le secteur le plus dynamique est celui des services. C'est vrai là où l'industrie secondaire est prospère. Car les industries des services ne sont pas prospères là où il n'y a pas d'industrie primaire ou secondaire.

**M. Broadbent:** On trouve souvent une industrie primaire et une industrie touristique connexe. Cet article ne se rapporte pas davantage à l'industrie primaire; seulement à l'industrie secondaire.

**M. Marchand (Langelier):** Non. On peut faire cela en vertu de la loi qui établit le ministère, si cette activité est la seule que l'on puisse développer dans la région. Le but de la loi est d'attirer dans une région sous-développée certaines industries. Ce n'est pas d'aider les industries qui s'installeront de toute façon. C'est un octroi qui va attirer une industrie dans une région.

Par exemple, on n'a pas besoin d'un octroi pour attirer une société d'exploitation du nickel à Sudbury. Elle n'a pas le choix. Elle ne peut pas exploiter le nickel à Toronto ou à Montréal. Nous dépensons les deniers publics pour inciter une entreprise à s'établir dans une région donnée. C'est une bonne utilisation des fonds publics. Autrement, on donnerait des bénéfices non mérités à des entreprises qui bien souvent ont plus d'argent que nous.

**M. Broadbent:** Je trouve les commentaires du ministre très intéressants, mais peu en rapport avec ce que j'ai dit.



[Text]

**Mr. Marchand:** I tell you why we are limiting and you cannot accept the reasons. They are certainly related to what you said. You asked me why we excluded that and I will tell you why. It is a location grant, and as I said it is to incite industry that would not otherwise go there. That does not answer your question?

**Mr. Broadbent:** No.

**Mr. Marchand (Langelier):** You may not be satisfied, but do not say that it is not related; it is related.

**M. Cyr:** Monsieur le président, je suis d'accord avec ce que monsieur le ministre avance. Depuis que le gouvernement subventionne l'établissement de nouvelles industries dans les régions du bas du fleuve et de la Gaspésie, il a payé des montants assez élevés. A Chandler, par exemple, pour l'installation d'un second moulin à papier, nous avons déboursé 2,800 mille dollars. C'est la *Gaspesia Pulp and Paper*, qui a obtenu ce montant, elle ne l'a peut-être pas reçu au complet encore, car les versements s'échelonnent sur une période de deux ou trois ans, mais quand le montant total aura été payé, et il le sera, c'est de cette façon qu'elle aura pu établir son second moulin.

Nous avons aussi des mines de cuivre en Gaspésie, celui-ci est extrait et broyé dans un concasseur et est alors envoyé immédiatement à Toronto et à Montréal. Donc, nous n'avons pas, monsieur le ministre, d'industries secondaires. Mais je crois que ces industries sont celles qui emploient le plus de main-d'œuvre et je ne voudrais pas que nous en revenions à l'ancienne politique d'accorder des subventions à l'industrie primaire, parce que ces industries-là vont s'établir d'une façon ou d'une autre.

Il y a, à Sainte-Anne-des-Monts, une mine qu'on appelle les mines Madeleine, qui a été exploitée sans aucune subvention du gouvernement fédéral. Pourquoi est-elle établie là? Parce qu'il y avait du minerai. Mais, par suite de la nouvelle loi, le bill C-202, si l'industrie est intéressée à établir une industrie secondaire, soit pour fabriquer le fil de cuivre ou n'importe quel autre produit dérivant de ce métal, elle pourra se prévaloir de cette loi.

Et je crois, monsieur le ministre, que s'il le faut, nous devrions même augmenter les contributions, afin d'encourager ces industries, qui viennent chercher le matériel brut dans

[Interpretation]

**M. Marchand (Langelier):** Je vous dis pour quoi nous fixons certaines limites et vous ne semblez pas vouloir l'admettre. Mes commentaires ont certainement trait à ce que vous avez dit. Vous m'avez demandé pourquoi nous excluons ce secteur, et je vous l'explique. C'est une subvention d'établissement: nous voulons inciter les industries qui autrement n'iraient pas dans ces régions pour s'y établir. Est-ce que cela ne répond pas à votre question?

**M. Broadbent:** Non.

**M. Marchand (Langelier):** Vous n'êtes peut-être pas satisfait de ma réponse, mais ne venez pas dire qu'elle n'a pas trait à ce que vous avez mentionné. J'ai répondu à ce que vous m'avez demandé.

**Mr. Cyr:** Mr. Chairman, I agree with what is said by the Minister. Since the government has been subsidizing the establishment of new industry in the Gaspé and Lower St. Lawrence areas, it has paid out fairly large sums of money. For instance, in Chandler, we gave \$2.8 million to build a second pulp mill. It is Gaspesia Pulp and Paper which was granted this sum. It may not have received the entire amount as yet, since payments are spread over a two- or three-year period. But once the total amount will have been paid, and it will be, it is this sum which will have enabled it to build its second mill.

We also have copper mines in the Gaspé area. The copper is extracted, fed through a crusher and then it is sent immediately to Toronto and Montreal. Thus, Mr. Minister, we do not have a secondary industry. But, I think that it is this type of industry which employs most manpower, and I would not like to go back to the old policy of giving subsidies to the primary industry, because those industries will establish themselves in one way or another.

There is a mine in Ste. Anne-des-Monts, called the Mines Madeleine, which operates without any subsidy from the federal government. Why did they install it there? Because there was an ore body there. But with the new Act, Bill C-202, if industry is interested in establishing a secondary industry, either to make copper wire or any other copper product, it will be possible for them to take advantage of this Act.

And I think, Mr. Minister, that if necessary, we should increase the contributions in order to encourage these industries that come to fetch the raw material in the Gaspé, Lower



*[Texte]*

des régions telles que la Gaspésie, le bas du fleuve, ailleurs ou au nord du Nouveau-Brunswick, à transformer le produit sur place, afin de donner plus de travail aux gens de la région. Pour ma part, je suis contre cet amendement.

**The Chairman:** Mr. Burton.

**Mr. Burton:** Mr. Chairman, I can appreciate the comments of the Minister when he suggested reasons as to why primary resource based industries should not and would not, qualify for assistance under this Act. I think he made out a good case relative to the specific application of the Act to many different potential operations.

But, Mr. Chairman, it seems to me that he also recognized the possibility—and this might be debated—or one could even say the probability, or likelihood, that there would be resource, or primary, industries which it would be desirable to bring within the framework of this Act.

The Minister suggested that this Act is designed—and this definition is a key part of it—to assist secondary manufacturing or processing industries. And he is suggesting that through this assistance, and through the grants that will be made, it will contribute to the development of the various growth centres that are defined through time. I do not know. Does he mean that these are solely manufacturing centres?

It seems to me that many other aspects of development have to be carried on at the same time that one is developing the secondary industrial activity. In my opinion, one requires a balanced economic development within a community or regional framework if one is to have the best possible form of development.

Mr. Chairman, I think this amendment in the particular subsection that we are dealing with should be related to the actual title of the bill, if we care to look at it for a second:

...to provide incentives for the development of productive employment opportunities in regions of Canada determined to require special measures to facilitate economic expansion and social adjustment.

The Minister, then, by the definition set out in this Act, has in effect restricted the scope of this Act to secondary industrial activities. It seems to me that that restriction should not be placed in the Act in this way.

There could be restrictions in terms of the application of the Act, as you apply your

*[Interprétation]*

St. Lawrence and Northern New Brunswick areas or elsewhere, to process the product on the spot in order to give more jobs to the local people. So, I am against the amendment.

**Le président:** Monsieur Burton.

**M. Burton:** Monsieur le président, je comprend le ministre lorsqu'il donne les raisons pour lesquelles les industries primaires ne devraient pas, ni ne pourront, dans la plupart des cas, obtenir une aide en vertu de la présente loi. Je crois qu'il a bien présenté son cas en ce qui concerne l'application de la loi à différentes industries qui pourraient s'établir dans une région.

Monsieur le président, il me semble toutefois qu'il a reconnu la possibilité—cela reste d'ailleurs à discuter—qu'il serait souhaitable d'inclure, dans le cadre de cette loi, certaines ressources ou industries primaires. Le ministre a laissé entendre que la loi a été conçue—et cela forme une partie importante du bill—pour aider le secteur secondaire ou l'industrie de conditionnement, et que, grâce à cette aide et grâce aux subventions qui seront offertes, elle contribuera au développement des centres en voie de croissance. Je ne sais pas s'il entend par là les centres industriels seulement. Il me semble qu'il y a bien d'autres aspects du développement dont on doit tenir compte en même temps que de l'activité du secteur industriel secondaire. A mon avis, le développement économique d'une région, pour être valable, doit prendre une forme équilibrée.

Monsieur le président, je crois que cet amendement du paragraphe dont nous traitons devrait être rattaché au titre même du projet de loi. Cela est évident si l'on veut bien y réfléchir un instant:

...prévoyant des subventions au développement pour favoriser les possibilités d'emploi productif dans les régions du Canada où des mesures spéciales sont nécessaires pour promouvoir l'expansion économique et le relèvement social.

Le ministre, par la définition donnée dans cette loi, en a donc limité l'effet à l'activité du secteur industriel secondaire. Il me semble que cette restriction ne devrait pas figurer ainsi dans la loi.

Il pourrait y avoir des restrictions dans l'application de la loi, dans l'examen et l'analyse

**[Text]**

criteria and your analysis to the various cases and problems that you have to cope with and deal with from time to time, but it seems to me that when you do set out regions, and undertake to promote and assist the economic development of a region, it only makes sense that you in fact make it possible to assist, where it is deemed to be desirable and necessary, the development of the primary, resource-based industries, your secondary industries, and then your tertiary and service industries. It seems to me that if one is going to have a balanced economic development in these regions it should be possible—that there should be scope within this Act—for assistance to be provided to these different forms of economic activity.

**Mr. Marchand (Langelier):** Yes. You know, it is not a matter of principle there. We have to know what is going on. If you look at primary, resource-based industries, they are already localized in Canada. Why is the Aluminum Company of Canada located in Arvida, for example? It is because they needed the power there. This is the reason they located there. Why is the Canadian British Aluminum Co. located in Baie Comeau? They are already located there. And you will notice they did not need any grant for that. The main element for them was not incentive—was not money. It was raw materials, or energy, or for other reasons.

Therefore, if you pass a law to incite industry to locate in undeveloped regions, then of, course, at first sight all this group

• 2055

should not be included, because this is not a location factor.

But, as you mentioned, it might be that in certain cases you have a natural resource in the region and it is not exploited because it is not economic. There is lack of capital, and so forth. And it might be the sole activity there. All right, let us say that we make the rule that they are excluded because money is not a factor of location, and for the other one we will decide on another basis—and we are authorized by the law creating the department to do it.

When we say that the service industry is developed, too, by primary industry, this is more or less true. You just have to visit Northern Ontario where there is a lot of primary industries and look at the service industries. That is the reason for the development of service industries—and much more the secondary industry than the primary industry

**[Interpretation]**

de chaque cas qui se présente. Mais, lorsqu'il s'agit de définir des régions, de promouvoir et d'aider le développement économique d'une région, il n'est que logique d'offrir de l'aide d'abord à l'expansion du secteur primaire des ressources, ensuite au secteur secondaire et enfin aux industries et aux services du secteur tertiaire. Si l'on veut avoir un développement équilibré dans ces régions, la loi devrait prévoir une aide aux différentes formes d'activité économique.

**M. Marchand (Langelier):** Ce n'est pas une question de principe. Nous devons savoir ce qui se passe. Considérez, par exemple, le cas des industries du secteur primaire. Elles sont déjà localisées au Canada. Pourquoi, pensez-vous, l'Aluminum Company of Canada a-t-elle choisi de s'installer à Arvida? C'est parce qu'il y a de l'énergie hydroélectrique dans cette région. Pourquoi, pensez-vous, que la Canadian British Aluminum Co. est-elle installée à Baie-Comeau? Ils sont installés là parce qu'ils y ont trouvé leur avantage. Ils n'ont pas eu besoin de subvention pour aller s'installer là. L'important, pour eux, ce n'était pas la subvention ni l'argent, mais la disponibilité de matières premières ou de l'énergie. Alors, si l'on fait une loi pour inciter des industries à aller s'installer dans les régions sous-développées, ce groupe d'industries ne devrait donc pas, a priori, y être inclus, parce que l'emplacement qu'elles choisissent est plus important que la subvention.

Il se pourrait que, dans certains cas, comme vous l'avez mentionné, il y ait des ressources naturelles dans une région et qu'elles ne soient pas exploitées parce que ce ne serait pas rentable de le faire, parce qu'il n'y a pas de capitaux, etc. et c'est peut-être la seule activité possible dans la région. Nous établissons donc pour règle générale que le secteur primaire est exclu, parce que la subvention ne peut influencer sur l'emplacement. Dans certains cas particulier, nous disposerons autrement. Nous pouvons le faire en vertu de la loi portant création du Ministère.

Lorsque nous disons que l'industrie des services est développée elle aussi par l'industrie du secteur primaire, cela est plus ou moins vrai. Vous n'avez qu'à visiter le Nord de l'Ontario où il y a beaucoup d'industries du secteur primaire, et regarder les industries de services. Voilà pourquoi il faut développer l'industrie des services et bien plus encore



*[Texte]*

ry. I do not say that in all cases. You may have a very prosperous primary industry which, of course, generates service activities. But in most cases this is not true.

This is why we think that that is the main source of employment, and is what generates services; this is what generates the activities in the service industries. Therefore, this is where we are trying to focus our attention and activities and energy.

The other one, as a principle, should be excluded, because reasons other than money justify their location. After that, if some is necessary to develop a region, we can do it; we can establish a special zone in agreement with the province and give as much money, as, and perhaps more than, we are giving under this Act. So we cover the whole field. What more do you want?

**Mr. Broadbent:** Mr. Chairman, if I may make a polite suggestion, the Minister acknowledges that at certain times in certain areas it might be a sensible economic move to develop the service industry. Why not include it? Why do you not supply the terms of reference here when, hopefully, some kinds of studies are going to be done by your Department and/or the provinces on growth regions?

You may decide that region "X" will have a growth potential in terms of tourism, and that certain millions of dollars should be poured into that region to encourage that development. Why should it not come within the framework of this Act?

**Mr. Marchand (Langelier):** Sir, in principle, the development of the service industry is related to the development of primary and secondary industries, except for tourism I agree. You may have a region in which you have no industry at all, but you may have tourism. Therefore, do you limit your argument to tourism? Is that what you have in mind?

**Mr. Broadbent:** That is an example.

**Mr. Marchand (Langelier):** Then give me another one.

**Mr. Broadbent:** I gave one previously—a research base area. One day, if we take this seriously in this country, it may be decided to develop a serious industrial R & D program. It may be desirable, given the scarcity of indigenous capital, to do this through some kind of Crown corporation, for example, and, working with this corporation, a number of university facilities. That is a hypothetical

*[Interprétation]*

l'industrie du secteur secondaire plutôt que l'industrie du secteur primaire. Je ne dis pas que dans tous les cas, une industrie primaire prospère n'entraîne pas des services assez développés. Mais cela est en général vrai.

Voilà pourquoi nous pensons que l'industrie du secteur secondaire est la principale source d'emplois et de services. Nous voulons donc porter tous nos efforts sur cette industrie. En règle générale, les autres industries devraient être exclues parce que des raisons autres que l'argent conditionnent leur emplacement. Mais si, dans certains cas, il faut avoir recours aux industries des secteurs primaire et tertiaire pour développer une région, nous pouvons le faire. Nous pouvons, d'accord avec les provinces, créer des districts de développement et leur allouer autant et même plus de fonds qu'il est prévu en vertu de la présente loi. Nous couvrons toutes les situations, que désirez-vous de plus?

**M. Broadbent:** Monsieur le président, si le ministre admet qu'à certains moments, dans certaines régions, il pourrait être souhaitable de développer l'industrie des services, pourquoi donc ne pas l'inclure dans la loi? Pourquoi ne pas établir de règles à ce sujet puisque, nous l'espérons, le ministère doit mener, de concert avec les provinces, des études sur les zones de développement.

Vous pourriez décider qu'une région donnée pourrait avoir une industrie touristique florissante et que tant de millions de dollars devraient y être investis pour encourager le développement de cette industrie. Pourquoi cela ne peut-il pas être inclus dans la loi?

**M. Marchand (Langelier):** En principe, le développement de l'industrie des services dépend du développement des industries des secteurs primaire et secondaire, sauf dans le cas du tourisme, je veux bien l'admettre. Il peut y avoir une région où il n'y a absolument aucune industrie mais où le tourisme est florissant. Ainsi, votre argument s'applique-t-il seulement au tourisme?

**M. Broadbent:** Je ne donnais qu'un exemple?

**M. Marchand (Langelier):** En auriez-vous un autre?

**M. Broadbent:** J'en ai parlé précédemment: il s'agit des zones de recherche. Si, un jour, nous prenons la question au sérieux, il serait possible d'établir un programme de recherche et de développement. Dans ce cas, il serait souhaitable, vu la rareté des capitaux locaux, de charger une société de la Couronne de la chose, en collaboration avec des universités. Tout cela est naturellement bien hypothéti-



[Text]

though. Again, it is another example that possibility. It has occurred in other countries, would apply.

**Mr. Marchand (Langelier):** You have to look at the whole legislation. First, on tourism, if you want to clarify this, you know that tourism is usually under provincial jurisdiction. You know the trouble we had with parc Forillon in Quebec. This is within the provincial jurisdiction.

We can help tourism through FRED or ARDA; mainly FRED, excuse me. We can help. There is an amount of money in the FRED fund for tourism in PEI; there is no doubt about that—after agreement with the province. Therefore, we can do it. And we can help on another basis—primary industry. But the main objective of the law is to try to incite secondary industry to come in to an under-developed region.

• 2100

If, with both laws, we develop primary industries and secondary industries, the service industry will be prosperous and will not need any grant from the government. This is the general philosophy, and I think we can help. We have different instruments. That is all. And I think that it is logical that we proceed that way.

If we were prevented altogether from helping tourism or primary industry, I would agree with you that there would be some shortcomings in our legislation. But we are not. In the northern part of Ontario what do they need? Do they need another mine, vastly or do they need to have secondary industry that will finish the products which are produced in the northern part of Ontario? I think it is the second thing they need most. Go there and ask them...

**Mr. Broadbent:** Select an example to support your case; that is fair game.

**Mr. Marchand (Langelier):** We gave an incentive grant of \$5 million or \$6 million to Texas Gulf Sulphur Company and everybody is very happy there. This is the kind of activity we need here.

**Mr. Broadbent:** Very well.

**The Chairman:** Mr. MacDonald.

**Mr. MacDonald (Egmont):** Mr. Chairman, I find myself in a bit of difficulty. When Mr. Broadbent moved his amendment I felt that it really did not cover two specific matters I am concerned about—the tourist industry and the service industry—but as he talked it was obvious from his point of view that he felt it

[Interpretation]

que, mais cela s'est déjà produit dans d'autres pays. C'est seulement un autre exemple que je vous donne.

**M. Marchand (Langelier):** Vous devez considérer la mesure législative dans son ensemble. D'abord, dans le cas du tourisme, vous n'êtes pas sans savoir que celui-ci relève de la compétence provinciale. Vous savez quels ennuis nous avons eus avec le parc Forillon à Québec.

Nous pouvons aider le tourisme grâce à certains programmes comme le FODER et l'ARDA, surtout le FODER. Dans le cadre de ce programme, l'Île-du-Prince-Édouard reçoit des subventions au tourisme, par exemple. Cela se fait donc déjà de concert avec les provinces. Nous pouvons aider le tourisme; nous pouvons aussi aider les industries du secteur primaire. Le but principal de cette loi est de venir en aide aux industries du secteur secondaire pour qu'elles s'installent dans les régions sous-développées.

Si, grâce aux deux lois, nous pouvons aider les industries des secteurs primaire et secondaire, l'industrie des services sera prospère et n'aura plus de subventions de l'État. Voilà les principes généraux que renferme la loi. Nous avons différents autres moyens d'aider les autres industries. Je pense que c'est là la manière la plus logique de procéder. Si nous n'avions pas d'autres moyens d'aider le tourisme et l'industrie primaire, je conviendrais avec vous que la loi présente des lacunes. Cela n'est pas le cas. De quoi a-t-on besoin dans le nord de l'Ontario? Ont-ils besoin d'autres mines ou ont-ils besoin d'une industrie secondaire qui transformera les produits du nord de l'Ontario? Je crois qu'ils ont surtout besoin de cette dernière forme d'aide. Si vous alliez leur demander...

**M. Broadbent:** Donnez un exemple à l'appui de ce que vous défendez; c'est là une partie honnête.

**M. Marchand (Langelier):** Nous avons donné une subvention d'encouragement de 5 à 6 millions de dollars à la *Texas Gulf Sulphur Company*. On nous a dit: «C'est exactement ce dont nous avons besoin ici.»

**M. Broadbent:** Très bien.

**Le président:** M. MacDonald.

**M. MacDonald (Egmont):** Monsieur le président, je me trouve dans une situation assez difficile. Lorsque M. Broadbent a proposé son amendement, j'ai cru que cela ne couvrirait pas deux sujets bien précis auxquels je m'intéresse: l'industrie du tourisme, et l'industrie des services. Mais à mesure qu'il parlait je

[Texte]

did cover this. I am not a lawyer but I wonder if "all forms of industrial activity" really covers the tourist industry. Perhaps it could be stretched to cover tourism. I do not know too many lawyers who would say that it covered the service industries. I think you would get into some real problems there. I mention this at this point because I have an amendment to move...

**Mr. Marchand (Langelier):** I did not say that it covered the service industries.

**Mr. MacDonald (Egmont):** No, you did not, but Mr. Broadbent did in the interpretation of his amendment.

**Mr. Broadbent:** All good economists would agree.

**Mr. MacDonald (Egmont):** I mention this because I have an amendment that encompasses what is presently in Clause 2(f) but it also adds the concerns that I have about tourism and the service industry. I would like to—perhaps "object" is too strong a word—question the Minister's use of the example of the FRED plan and tourism because once you mention FRED you are talking about a plan which may well involve much more than tourism. Obviously it involves an over-all approach to a particular problem and I do not think this is the purpose of the present legislation which we are considering. When members argue in favour of the tourist industry being included under the ambit of this bill I think they are arguing for very obvious and relevant reason that cannot be put aside simply because it is possible under the FRED program to implement such a program.

**The Chairman:** Excuse me, Mr. MacDonald, do you have an amendment to Clause 2 (f)?

**Mr. MacDonald (Egmont):** Yes, I do.

**The Chairman:** Do you not think we should have the Committee's views on the present amendment, and after we have voted on it we will come to your amendment.

**Mr. MacDonald (Egmont):** I agree. I am only giving notice of it so the Committee may be fully aware of what is happening.

**The Chairman:** I had an idea.

**Mr. MacDonald (Egmont):** I would like to ask the Minister one specific question because it seems to me this area is a bit vague. Under

[Interprétation]

me suis rendu compte que de son point de vue les sujets étaient couverts. Je ne suis pas avocat mais je me demande si «toutes les formes d'activité industrielle» englobe vraiment l'industrie du tourisme. On pourrait peut-être l'élargir pour l'étendre au tourisme. Je ne connais pas tellement d'avocats qui diraient que cela englobe l'industrie des services. Je crois que vous aurez là de véritables problèmes. Je dis cela maintenant parce que j'ai un amendement à présenter...

**M. Marchand (Langelier):** Je n'ai pas dit que cela couvrirait l'industrie des services.

**M. MacDonald (Egmont):** Non, vous ne l'avez pas dit mais M. Broadbent l'a dit dans l'interprétation de son amendement.

**M. Broadbent:** Tous les bons économistes seraient d'accord.

**M. MacDonald (Egmont):** Je dis cela parce que j'ai un amendement qui couvre ce qui se trouve actuellement à l'article 2 f), mais je me pose aussi des questions au sujet de l'industrie du tourisme et des services. Dire que je ne suis pas d'accord avec l'exemple que le ministre a donné serait peut-être trop fort, disons que je me demande pourquoi il a choisi celui du plan FRED lorsqu'il s'agit de tourisme. Lorsque vous parlez de programme FRED, vous parlez d'un programme qui peut comprendre beaucoup plus que le tourisme. Il est clair qu'il s'agit d'un programme d'ensemble concernant un problème particulier, et je ne crois pas que ce soit là l'objet de la présente mesure législative. Lorsque les députés soutiennent que l'industrie du tourisme devrait être comprise dans ce bill, je crois qu'ils le font pour une raison très évidente et pertinente. On ne peut pas en tenir compte, seulement parce que c'est possible de le faire dans le cadre du programme FRED.

**Le président:** Avez-vous un amendement concernant 2 f) alors, monsieur MacDonald?

**M. MacDonald (Egmont):** Oui, j'en ai un.

**Le président:** Est-ce que nous devrions entendre l'avis du Comité sur le présent amendement? Et, une fois que nous aurons voté là-dessus, nous en reviendrons à votre amendement.

**M. MacDonald (Egmont):** Je suis bien d'accord. Je voudrais simplement en aviser le Comité afin qu'il sache ce qui se passe.

**Le président:** J'en avais une idée.

**M. MacDonald (Egmont):** J'aimerais poser une question précise au ministre parce qu'il me semble que c'est un domaine assez vague



[Text]

the bill as it is currently written do you or do you not include the tourist industry?

**Mr. Marchand (Langelier):** Under the Industrial Research and Development Incentives Act we do not.

**Mr. MacDonald (Egmont):** Fine. That makes it easier for me.

**The Chairman:** Is the Committee ready for the...

**Mr. Burton:** Mr. Chairman, may I suggest that I think the Department should give greater consideration to studies on regional policy in European free trade area countries. I have one example of this right here. It is an examination of the growth centre idea which was put out by the University of Glasgow and I think they certainly take a much broader concept of regional development than that which has been presented by the Minister tonight.

**The Chairman:** Thank you, Mr. Burton.

**Mr. Breau:** Mr. Chairman, do we have an amendment?

**The Chairman:** Yes. If the Committee is ready for the question, Mr. Breau, I will read the amendment put forth by Mr. Broadbent:

THAT Clause 2(f) of Bill C-202 be amended by deleting lines 13 to 16 inclusive on page 2 and substituting therefor "the necessary components of all forms of industrial activity."

• 2105

Motion negated on division.

**The Chairman:** Mr. MacDonald?

**Mr. MacDonald (Egmont):** May I then propose this amendment. Perhaps I should pass copies around and as they are being passed around I might read it. If this amendment carries, I have attached to it as well a consequential amendment, plus another amendment to be considered later on. I am particularly concerned about the absence in this legislation of an opportunity to deal with what I think are two vitally important aspects, as Mr. Burton said earlier, and one is the increasing of employment opportunities, as this bill purports to do, particularly in industries which have a greater than normal potential in areas where regional development is obviously greatly lacking. First of all, when

[Interpretation]

qui a besoin d'éclaircissement. Dans le projet de loi tel que rédigé en ce moment, est-ce que vous englobez ou non l'industrie du tourisme?

**M. Marchand (Langelier):** Dans la présente loi stimulant la recherche et le développement scientifiques, nous n'englobons pas l'industrie du tourisme.

**M. MacDonald (Egmont):** Bien. Cela simplifie les choses pour moi.

**Le président:** Le Comité est-il prêt pour le...

**M. Burton:** Monsieur le président, si vous permettez, je crois que le ministère devrait s'intéresser davantage aux études sur la politique d'expansion économique régionale dans les pays européens de libre échange. Par exemple, on pourrait considérer une idée qui prend de plus en plus d'importance, soit l'idée d'un centre mise de l'avant par l'université de Glasgow, et je crois que la motion d'expansion économique régionale est certainement beaucoup plus étendue que celle que nous a présentée le ministre ce soir.

**Le président:** Merci, monsieur Burton.

**M. Breau:** Monsieur le président, y a-t-il un amendement?

**Le président:** Oui, si le Comité est prêt pour la mise aux voix, monsieur Breau, je vais lire l'amendement proposé par M. Broadbent:

Que l'article 2(f) du bill C-202 soit modifié en supprimant les lignes 13 à 16 et en les remplaçant par «les éléments nécessaires de toutes les formes d'activité industrielle».

La motion est rejetée, sur division.

**Le président:** M. MacDonald?

**M. MacDonald (Egmont):** Puis-je alors proposer l'amendement suivant. Peut-être pourrais-je en faire distribuer des exemplaires et pendant ce temps je le lirai. Si vous le permettez, j'ai aussi inclus deux autres amendements qui seront présentés plus tard. Je suis préoccupé par l'absence, dans la présente mesure législative, de dispositions concernant deux aspects qui, d'après moi, sont d'une importance capitale, comme M. Burton l'a dit plus tôt, et l'un est l'accroissement des possibilités d'emploi qu'on compte réaliser grâce à ce bill, en particulier dans le cas des industries qui ont un potentiel plus élevé que la normale dans des régions où l'expansion économique est grandement déficiente. Tout d'a-



## [Texte]

you think of the fact that the tourist industry has now become the second major industry in Prince Edward Island, which is acknowledged by the recent signing of the FRED plan, it is only an indication that if we are serious about dealing with regions as regions and not trying to lay down some kind of a uniform approach which will greatly hamper the working out of this legislation in the various regions, then I think we have to acknowledge that in certain areas the tourist industry specifically is one which is in need of considerable assistance, and not just under one plan or program, as the FRED plan might provide, but under as many plans and programs as are reasonably envisioned to provide employment for people.

Certainly from living in a province where tourism has grown at a very rapid rate I am very well aware of the tremendous need there is for all kinds of support and assistance in expanding this. I think the Minister, because of his own knowledge of Prince Edward Island, knows how much importance the provincial government places on the development of the tourist industry in Prince Edward Island. I do not think Prince Edward Island is an exception. I think this would fit in very well with a number of other provinces, and particularly those in Eastern Canada. It was argued earlier about when this kind of problem can be dealt with under FRED.

I have grave doubts about this in many parts of the country in as much as I do not think in each and every case, we are going to be entering into that kind of an over-all plan, or even under the general terms of the new Department's legislation, and I would suggest that this is perhaps a convenient closet that we can open occasionally and throw things into, but I think we all realize that this is really a kind of permissive legislation. When it comes to setting out criteria, priorities, allocating funds and designating regions under Sections 24, 26 and 27, I think it is, of the departmental legislation, we know that this is a very far piece in the distance if it is to be dealt with at all.

The other aspect is the service aspect. While we can have great fun arguing about whether or not it is primary industry or secondary industry that must be developed first in order to have a service industry, we all know the problems that exist for any region that is trying to attract new industry where they do not have adequate service industries. It is the old question of the chicken and the egg again and unless both are given sufficient incentive we really will not

## [Interprétation]

bord, lorsque vous pensez, par exemple, au fait que l'industrie du tourisme est devenue la deuxième en importance dans l'île du Prince-Édouard, ce dont témoigne l'adhésion au programme FRED, c'est seulement là une indication que si nous sommes sérieux, si nous voulons nous occuper des régions en tant que régions au lieu d'essayer d'établir un genre de mesure uniforme qui nuirait grandement à l'application de la présente loi dans les diverses régions, je crois qu'il nous faut reconnaître que dans certaines régions l'industrie du tourisme tout particulièrement a besoin d'une aide considérable et pas seulement celle que peut lui offrir le programme FRED, mais aussi celle qu'elle peut obtenir dans le cadre de nombreux programmes raisonnables destinés à accroître les possibilités d'emploi.

Je vis dans une province où le tourisme s'est accru rapidement. Je suis donc bien conscient que cette industrie a besoin d'une aide considérable pour continuer son expansion. Je sais que le ministre connaît le cas de l'île du Prince-Édouard et qu'il sait combien on y met l'accent sur l'expansion de l'industrie touristique. Je ne crois pas que l'île du Prince-Édouard soit une exception. Je crois que la même chose peut se dire d'un certain nombre d'autres provinces, surtout dans l'est du Canada. On a discuté plus tôt à savoir quand FRED pourrait s'occuper de ce genre de problème.

J'ai exprimé des doutes à ce sujet dans beaucoup de régions du pays, car je ne pense pas que l'on adoptera partout ce genre de programme d'ensemble, même dans le cadre de la nouvelle loi du ministère, et je dirais que c'est peut-être là un argument qu'il est pratique de soulever à l'occasion, mais je crois que nous sommes tous conscients qu'il s'agit vraiment d'une mesure législative facultative. Lorsqu'on établit des critères, des priorités, qu'on détermine la répartition des fonds et désigne les régions aux articles 24, 26 et 27. Si je me souviens bien de la mesure législative, nous savons que la mise en application sera loin d'être facile, si jamais on s'y intéresse même.

L'autre aspect est celui qui a trait aux services. Nous pouvons nous amuser grandement à discuter si ce sont d'abord les industries primaires ou les industries secondaires qui doivent être mises en valeur, mais nous savons tous les problèmes d'une région qui tente d'attirer de nouvelles industries là où il n'y a pas suffisamment d'industries de services. C'est toujours la question de l'œuf et de la poule, et si l'on n'accorde pas d'aide financière aux deux, on n'arrivera jamais à pro-

[Text]

get the kind of industrial or economic take-off in these areas that I think is being attempted under this legislation.

Perhaps it is not necessary for me to read the amendment, Mr. Chairman. It strikes out the present Clause 2(f) and substitutes the new definition, which would obviously add subclauses (ii) and (iii), a tourist operation and a service operation. I really cannot see that there will be any strong argument against this. The Minister has so much discretion under this bill—I doubt if there has ever been a bill passed by Parliament at any time in its 100 year history which has offered the Minister so much discretion—and this amendment merely gives him the opportunity to be flexible with the provinces, something which I think the provinces would wholeheartedly concur in and I hope that the Minister and his officials will concur in it as well.

**The Chairman:** Would you like to make a comment, sir?

**Mr. Marchand (Langelier):** The only comment I can make is that the only thing new in

• 2110

regard to the other amendment is that you have excluded "initial processing operation".

**Mr. MacDonald (Egmont):** No, you will notice that it is actually in subclause (iv), Mr. Minister. It has been reshuffled.

**Mr. Marchand (Langelier):** Yes. So, you have "service operation" and "tourist operation".

**Mr. MacDonald (Egmont):** That is right.

**Mr. Marchand (Langelier):** This is what is new.

**Mr. MacDonald (Egmont):** That is right.

**Mr. Marchand (Langelier):** I already mentioned why we think a "service operation" should not be included and I will not repeat myself.

With respect to the tourist industry, I agree with you that this is a real problem and I will pose des problèmes réels et je vous dirai tell you that we have given a lot of thought to the tourist industry. One of the problems we meet is that we are in the field of provincial jurisdiction, there is no doubt about that. You cannot go to Prince Edward Island and say, "Well, the interesting part of the P.E.I. is this part and not this one, no matter what the provincial government thinks." This is why we

[Interpretation]

duire dans ces régions le démarrage industriel ou économique que veut tenter de provoquer la présente loi.

Il n'est peut-être pas nécessaire, monsieur le président, que je lise l'amendement. Il s'agit de supprimer l'article 2 f) tel qu'il existe actuellement et de lui substituer la nouvelle définition qui évidemment engloberait les paragraphes ii) et iii), une entreprise de tourisme et une entreprise de service. Je ne crois vraiment pas que l'on aura de forts arguments contre cela. Le ministre a tellement de pouvoirs en vertu du présent bill, je me demande s'il y a jamais eu un bill adopté par le Parlement qui donnait à un ministre tant de pouvoirs discrétionnaires. Le présent amendement lui donne simplement la chance de pouvoir agir en toute souplesse avec les provinces. Je crois que les provinces seraient tout à fait d'accord là-dessus, et j'espère que le ministre et ses fonctionnaires le seront aussi.

**Le président:** Avez-vous des commentaires, monsieur Marchand?

**M. Marchand (Langelier):** Eh bien, tout ce qu'il y a de neuf dans ce que vous proposez par rapport aux autres amendements, c'est que vous supprimez «étape de transformation initiale».

**M. MacDonald (Egmont):** Non, vous verrez que cela se trouve au paragraphe IV, monsieur le ministre. On ne l'a que renvoyé.

**M. Marchand (Langelier):** Oui. Alors, vous avez «entreprise de service» et «entreprise de tourisme».

**M. MacDonald (Egmont):** C'est ça.

**M. Marchand (Langelier):** C'est là ce qui est nouveau.

**M. MacDonald (Egmont):** C'est ça.

**M. Marchand (Langelier):** J'ai déjà précisé pourquoi nous estimons qu'il ne faudrait pas englober l'entreprise de service.

Quant à l'industrie touristique, je suis d'accord avec vous que c'est là un domaine où se que nous avons beaucoup pensé à l'industrie du tourisme. L'un des problèmes auxquels nous avons à faire face, c'est que nous sommes dans un domaine de compétence provinciale, cela ne fait aucun doute. Vous ne pouvez pas dire à l'Île-du-Prince-Édouard que les points intéressants sont ceux-ci et non ceux-là, sans tenir compte de l'avis du gouvernement provincial. Voilà pourquoi nous



## [Texte]

believe that it should be dealt with by the general law creating the department where we can do it and where actually we are doing it in P.E.I.

Why do we need to have two or three pieces of legislation dealing with the same subject? It was said a few minutes ago that in Glasgow they have a much more comprehensive concept of regional development. I do not believe it is true.

We can have agreements and make plans with provinces which will cover roads, schools, hospitals, and all the infrastructures of the communities. We can do it. We can develop a tourist industry, but this has to be done with the provinces according to a general plan. You do not develop a tourist industry because an applicant is going to ask us to build a hotel in Prince Edward Island. Do you think that it would be reasonable to say, "Let us take public money to help because it is related to tourism." This does not make sense. I think that we have to agree with the province. We can do it. I think that this is not relevant to this piece of legislation.

I agree that in certain cases the only thing that can be developed is tourism. There is no doubt in my mind. I am sure that we have the authority under the Act establishing the Department to deal with this problem. I agree with you it is important in certain cases but I do not think we should take as a federal government the responsibility of all the tourism activities in Canada. We can not do it, and we cannot do it on a piecemeal basis.

**Mr. MacDonald (Egmont):** No, but let us talk a little sense. No one is asking you to take responsibility for any or all parts of an industry in this country. You say that I suggested the Department is going to be responsible for every tourist venture in Canada. Of course, that is ridiculous. It is not suggesting either that you be responsible for all the manufacturers of shoes in Canada, or bolts, or what have you.

What we are talking about here is trying to face realistically in the various regions the industrial priorities that exist. To begin with a preconceived notion that tourism is really not important enough to be included under the ambit of this Bill but can be left in a sort of limbo of departmental legislation, I think, is to start out with a preconceived notion which can only be an offence to many areas

## [Interprétation]

croions que cela doit relever de la loi générale créant le ministère où nous pouvons le faire et où nous le faisons dans l'Île-du-Prince-Édouard.

Pourquoi deux ou trois mesures législatives qui traitent de la même question?

On a dit, il y a quelques instants qu'à Glasgow, ils ont un concept plus global de l'expansion régionale. Je ne crois pas que cela soit vrai.

Nous pouvons avoir des ententes et faire des projets avec les provinces concernant les hôpitaux, les écoles, les routes et toutes les infrastructures des collectivités. Nous pouvons le faire. Nous pouvons développer une industrie touristique, mais cela doit se faire avec les provinces dans le cadre d'un programme d'ensemble. Vous ne développez pas une industrie touristique parce qu'un requérant demande de construire un motel dans l'Île-du-Prince-Édouard. Pensez-vous qu'il serait raisonnable de prendre les fonds publics pour aider ce monsieur à se construire un motel en disant que cela aiderait l'industrie touristique. Cela n'a pas de sens. Je crois que nous devons nous mettre d'accord avec la province. Nous pouvons le faire. Je pense que cela ne relève pas du présent projet de loi.

Dans certains cas, je suis d'accord, tout ce que nous pouvons développer c'est le tourisme. Il n'y a aucun doute dans mon esprit. Je suis certain que nous avons en vertu de la Loi créant le ministère, le pouvoir de traiter de cette question. Je suis d'accord avec vous que c'est très important dans certains cas, mais je ne crois pas qu'en tant que gouvernement fédéral nous devrions prendre la responsabilité de toutes les activités touristiques au Canada. Nous ne pouvons pas le faire, nous ne pouvons pas le faire non plus d'une façon partielle.

**M. MacDonald (Egmont):** Soyons un peu sérieux. Personne ne vous demande de vous rendre responsable de toute l'industrie du pays. Vous dites que j'ai prétendu que le Ministère sera responsable de tout le tourisme du Canada. C'est tout à fait ridicule, comme si je disais qu'il est responsable de toute l'industrie de la chaussure, des boulons etc.

Il s'agit de faire face d'une manière réaliste aux priorités industrielles qui existent dans les diverses régions. En disant au départ que le tourisme n'est pas assez important pour tomber sous le coup de ce projet de loi et peut être laissé dans une sorte d'oubli de la législation du Ministère, je crois que c'est partir avec l'idée préconçue qui ne peut qu'offenser diverses régions, à mesure



[Text]

as the Bill is gradually implemented, and suggest again something that I think is liable to gain increasing credibility and that is that Ottawa knows best.

You have mentioned the fact that you cannot get involved in this because of provincial jurisdictions. I cannot see how you suddenly draw distinctions over a tourist industry and yet go merrily ahead with a variety of other industrial developments which have, I believe, under the previous legislation been accepted by the provinces. Obviously, as you have said yourself earlier, if the province says, "Do not spend money on such and such a project in our province", you would be quite happy to say, "Fine, thank you. We will not spend our money there". To me, this is neither good logic nor facing up to the question that is before us in this amendment.

I agree that there may be a difference in priority in the tourist industry as against the service industry, if only that the service industry may be harder to deal with on the basis of other kinds of industrial development. However, I would think it would be sheer shortsightedness on the part of the legislation to encompass many kinds of industrial development across this country and to suddenly say that we can deal with one kind of industry because it makes sense to us sitting here in Ottawa, but to overlook another kind of industry that has tremendous potential for a region. Many of the regions that I feel will be designated are the very type for which tourism will have a tremendous potential. This is weakening the legislation before it even gets off the ground. I am willing to listen to reasonable arguments with regard to this proposition, but the arguments you have advanced are neither reasonable nor relevant.

**Mr. Marchand (Langelier):** The reason that we can do it is not reasonable?

**Mr. MacDonald (Egmont):** It is not a reason. I will not dignify it by calling it a reason.

**Mr. Marchand (Langelier):** He says we can do it but it is not a reason. All right.

**The Chairman:** Mr. Broadbent.

**Mr. Broadbent:** Mr. Chairman, I am pleased to see that Mr. MacDonald has recognized that certain arguments are irrelevant and they are being repeated. I think that there is an extremely important issue here in

[Interpretation]

que le projet de loi est appliqué et insinue quelque chose qui, à mon avis est apte à gagner une plus grande crédulité et c'est ce qu'Ottawa connaît le mieux.

Vous avez mentionné le fait que vous ne pouvez pas vous y mêler parce que cette industrie relevait de la compétence provinciale. Je ne puis voir comment vous faites soudainement des distinctions sur une industrie touristique en vous prévalant d'autres domaines d'expansion industrielle qui, en vertu de la mesure législative précédente, a été accepté par les provinces. Il est évident, comme vous l'avez dit vous-même plus tôt, que si la province dit de ne pas dépenser d'argent dans la province pour tel ou tel projet, vous seriez heureux de dire que vous ne le ferez pas. A mon avis, ce n'est ni logique, ni faire face au problème que nous avons à l'étude.

Je suis d'accord qu'il y a peut-être une différence de priorité dans l'industrie touristique, par rapport aux industries de service, parce que l'industrie de service est plus difficile à être traitée en partant d'autres sortes d'expansion industrielle. Toutefois, je dirais que le législateur ferait preuve d'un manque de perspicacité en englobant plusieurs sortes d'industries au pays et en affirmant tout à coup que nous pouvons nous occuper d'une industrie spéciale parce que cela nous semble sensé à nous, qui sommes à Ottawa 3 mois pour surveiller une autre sorte d'industrie qui a un avenir incroyable dans une région. Plusieurs régions qui, je crois, seront désignées, sont celles qu'attireront beaucoup de touristes. Cela ne fait qu'affaiblir la mesure législative avant même qu'elle ne soit mise en vigueur. Je suis prêt à écouter tous les arguments raisonnables relatifs à cette proposition, mais les arguments que vous avez avancés ne sont ni pertinents, ni raisonnables.

**M. Marchand (Langelier):** La raison pour laquelle nous pouvons le faire n'est pas raisonnable?

**M. MacDonald (Egmont):** Ce n'est pas une raison. Je ne l'élèverai pas en l'appelant une raison.

**M. Marchand (Langelier):** Il dit que nous pouvons le faire mais ce n'est pas une raison. Très bien.

**Le président:** Monsieur Broadbent.

**M. Broadbent:** Je suis bien heureux que monsieur MacDonald ait reconnu que certains arguments n'étaient pas pertinents et qu'ils sont répétés. Il s'agit de soulever l'appui public dans différentes parties du pays. D'a-

[Texte]

terms of generating public support in very different parts of this country. From the Minister's comments tonight it seems to me that really what he means by a growth centre in terms of this Bill is a manufacturing centre. Would this be true? Is this really what you have in mind?

**Mr. Marchand (Langelier):** In this Bill? I think that the growth centres are related to the Act creating the Department.

**Mr. Broadbent:** Yes, but the grants this Bill provides are related to growth centres, right?

**Mr. Marchand (Langelier):** This Bill defines designated regions. This is what it defines.

**Mr. Broadbent:** Correct me if I am wrong, Mr. Minister. The designation was to be determined in terms of its growth potential, is that true?

**Mr. Marchand (Langelier):** It is true, yes. Generally speaking it is true.

**Mr. Broadbent:** I really want to find out what you have in mind by growth potential then. I had thought in my original support of the Bill when it came before the House that it was much broader than what seems to be coming out in tonight's meeting. As I understand you now, you are saying growth potential really means manufacturing growth potential.

**Mr. Marchand (Langelier):** This is aimed at developing the manufacturing sector there is no doubt.

**Mr. Broadbent:** Yes. I am personally very disappointed. I support the amendment offered by Mr. MacDonald because I think there are many parts of the country that we should be concerned with in terms of regional development that should come within this Bill. The terms of reference are much too narrow. I cannot see why, when we have given broad discretionary power which I fully support in principle, we should not extend it to, for example, the areas specified in Mr. MacDonald's amendment.

**Mr. Marchand (Langelier):** By area you mean the activities, the service operation and tourists?

**Mr. Broadbent:** Tourists.

**Mr. Marchand (Langelier):** This is the argument. As far as service industry is concerned, I mentioned to you why we think it should not be held that way. As far as tourist industry is concerned, I see that we can in certain

[Interprétation]

près les commentaires du ministre, il faut croire que le ministre veut dire, par centre de croissance, dans le texte de ce projet de loi, un centre de fabrication. Serait-ce vrai? Est-ce vraiment ce que vous avez à l'esprit?

**M. Marchand (Langelier):** Dans ce projet de loi je crois que les centres de croissance sont reliés à la Loi créant le ministère.

**M. Broadbent:** Oui, mais les subventions que le projet de loi prévoit, sont reliées aux centres de croissance, n'est-ce pas?

**M. Marchand (Langelier):** Ce projet de loi définit les régions désignées—C'est tout.

**M. Broadbent:** Veuillez me corriger si je suis dans l'erreur, monsieur le ministre. La désignation devrait être déterminée en fonction du potentiel de croissance. Est-ce vrai?

**M. Marchand (Langelier):** Oui, c'est vrai. De façon générale, c'est vrai.

**M. Broadbent:** Je veux vraiment savoir ce que vous entendez par potentiel de croissance? Je croyais quand j'ai appuyé au début le projet de loi quand il a été présenté à la Chambre, qu'il avait beaucoup plus d'envergure que ce soir. Comme je vous comprends, le potentiel de croissance signifie vraiment le potentiel de croissance de la fabrication.

**M. Marchand (Langelier):** Il vise à encourager le développement du secteur manufacturier, il n'y a aucun doute là-dessus.

**M. Broadbent:** Alors, je suis très déçu. J'appuie l'amendement présenté par monsieur MacDonald, car je crois que dans diverses régions du pays, il faudrait nous intéresser à l'expansion régionale qui devrait être incluse dans ce bill. Le mandat est trop étroit. Je ne vois pas pourquoi, quand on nous a donné un large pouvoir discrétionnaire que j'appuie entièrement en principe, on n'élargirait pas le projet de loi afin d'y inclure les régions indiquées dans l'amendement de monsieur MacDonald.

**M. Marchand (Langelier):** Par région, vous voulez dire les activités, le service et les touristes?

**M. Broadbent:** Les touristes.

**M. Marchand (Langelier):** C'est l'argument. En ce qui concerne le service je vous ai dit pourquoi on ne devrait pas continuer ainsi. Pour ce qui est du tourisme, je vois que, dans certaines circonstances, nous pouvons con-



*[Text]*

circumstances, in agreement with the provinces, help a tourist industry. Do not forget that a tourist industry is not creating full-time employment. It is usually seasonal and this is not the best way to help a region. It might be a secondary help but it is not the main source of permanent employment or opportunities in a region.

**Mr. MacDonald (Egmont):** Mr. Chairman, it seems to me that the Minister has increasingly narrowed the definition of this Bill, and I for one will be most interested to know the reaction of the various provinces to the limitation that the Minister himself is placing on the Bill. For instance, if he says there is the possibility under the departmental legislation to assist the tourist industry, not accepting his arguments about the tourist industry but accepting that he has stated that aspect of it, I am wondering whether he is prepared to state what kind of criteria exists for eligibility for the assistance of tourist industries in the various regions that will be designated across the country?

**Mr. Marchand (Langelier):** There is no other criteria than the agreement we can reach...

**Mr. MacDonald (Egmont):** There is no criteria in the departmental legislation ..

**Mr. Marchand (Langelier):** No.

• 2120

**Mr. MacDonald (Egmont):** ...unless everything is open, and I presume that it is not. There is some limit to the amount of resource that the Department commands for investment in these industries.

**Mr. Marchand (Langelier):** Yes. This is why it is related to an agreement that we can reach with the province. We know what amount of money we have. If, say, in this year all we have is already committed, of course, we are not going to sign an agreement with the province to develop the tourist industry. We are limited by the amount of money we have too.

**Mr. MacDonald (Egmont):** I am wondering why we need this bill at all. If you are prepared to do so many things under three clauses that presently exist in departmental legislation, surely this bill has just been a waste of our time and you could go right ahead and institute any kind of incentive program that you wish. I do not think that you would help yourselves at all by bringing this bill before us because it will only limit the

*[Interpretation]*

clure des accords avec les provinces afin d'aider l'industrie touristique mais n'oubliez pas que l'industrie touristique ne crée pas d'emploi à plein temps. Il s'agit généralement d'emplois saisonniers ce qui n'est pas la meilleure manière d'aider une région. Cela peut représenter une aide secondaire, mais ce n'est pas la source principale d'emploi permanent ou l'occasion dans une région donnée.

**M. MacDonald (Egmont):** Il me semble, monsieur le président, que le ministre a restreint constamment la définition du projet de loi et je serais très intéressé à connaître la réaction des provinces face aux limites établies par le ministre. Ainsi, le ministre dit qu'il est possible en vertu de la loi cadre, d'aider l'industrie touristique. Tout en n'acceptant pas ses arguments sur cette industrie mais en acceptant qu'il a précisé cet aspect, je me demande s'il est prêt à préciser quel genre de critère vaut pour être admissible à une aide dans le domaine de l'industrie touristique dans les différentes régions qui seront désignées dans le pays?

**M. Marchand (Langelier):** Il n'y a pas d'autres critères que l'accord que nous pouvons conclure...

**M. MacDonald (Egmont):** Il n'y a pas d'autre critère dans la loi-cadre...

**M. Marchand (Langelier):** Non.

**M. MacDonald (Egmont):** A moins que tout soit laissé libre et je suppose que tel n'est pas le cas. Il y a des limites à l'argent que le ministère exige pour investir dans ces industries.

**M. Marchand (Langelier):** Oui. C'est pourquoi c'est relié à un accord qu'on pourrait conclure avec la province. Nous connaissons le montant d'argent dont nous disposons. Tout ce que nous avons est déjà engagé cette année. On ne va donc pas signer un accord avec la province pour développer l'expansion touristique. Nous sommes limités par le montant d'argent dont nous disposons.

**M. MacDonald (Egmont):** Je me demande pourquoi on a besoin de ce projet de loi. Si vous êtes prêts à faire tant de choses qui tombent sous le coup de trois articles qui existent présentement dans la loi-cadre, ce projet de loi n'a été qu'une perte de temps et vous pourriez aller de l'avant et mettre sur pied n'importe quel genre de programme stimulant que vous désirez. Je ne crois pas que vous ne vous aidiez vous-mêmes en déposant



[Texte]

complete freedom which you have, as it presently exists with departmental legislation.

**Mr. Marchand (Langelier):** No, I think that you are wrong. Regarding those two pieces of legislation, in the first one the emphasis is on the agreement with the provinces to develop infrastructures or activities which do not fall under the Industrial Incentives Act. The other one we will surely discuss with the provinces concerning, say, the regions that the province wants to develop more, the priorities of the province and so forth. However, we do not need any agreement with the province. We can give a grant to this company because we think it is a good thing. So you have two different pieces of legislation and when you say it is the same thing. It is not fair to use the general law instituting or creating the department because there we are tied to the province and to an agreement with the province in both cases since we are in the provincial field most of the time. Of course, some regions need schools, others need roads, and still other regions need sewage systems. All this is within the jurisdiction of the province, so if we want to help, we must have an agreement with the province. This is a very specific piece of legislation and it is administered directly by Ottawa and is aimed at giving grants to industry without any form of agreement with the provinces. So we need both.

**Mr. MacDonald (Egmont):** It seems to me that even though you have not defined the kind of regions which will exist, the more you have indicated the limited scope of this particular bill, the more you have suggested that there is some preconceived idea of what kind of regional development under this incentive legislation is valid, and what, for the purposes of this legislation and quite likely for the purposes of the Department and its activity, is not all that important.

Otherwise, what other conclusion can you draw from this major piece of legislation, as it is presented? The first piece, after this department is created, talks and deals with this limited scope of manufacturing when the areas which you yourself have presumably indicated are in greatest need of development. Surely they will be faced with problems related to tourism, service industries, and perhaps even to various kinds of resource space industries that would not have located there, had they not received some basic kind of assistance.

I just fail to see the wisdom of strapping the Department in its initiative in that way.

[Interprétation]

un tel projet de loi parce que ce projet de loi ne fera que limiter votre liberté d'actions qui existe présentement avec la loi-cadre.

**M. Marchand (Langelier):** Non, je crois que vous avez tort. En ce qui concerne ces deux lois, dans la première, on souligne l'accord avec les provinces afin de développer les infrastructures ou les activités qui ne tombent pas sous le coup de la Loi stimulant la recherche et le développement scientifiques; l'autre, on en discutera avec les provinces au sujet des régions que les provinces voudront développer plus les priorités de la province et ainsi de suite. Mais on n'a pas besoin d'accord avec les provinces. Nous pouvons accorder une subvention à la société si cela nous semble bon. Il y a donc deux mesures législatives distinctes et quand vous dites que c'est la même chose. Il n'est pas juste de se servir de la loi-cadre du ministère parce que nous y sommes liés à la province et à un accord avec la province dans les deux cas étant donné qu'il s'agit d'un domaine de compétence provinciale, la plupart du temps. Naturellement, quelques régions ont besoin d'écoles, d'autres, de routes, d'autres de système du tout-à-l'égout. Tout cela relève de la province et si nous désirons aider, nous devons avoir un accord avec la province. C'est une mesure législative très précise qui est administrée directement par Ottawa et vise à accorder les subventions à l'industrie sans forme d'accord avec les provinces. Nous avons besoin des deux.

**M. MacDonald (Egmont):** Il me semble que même si vous n'avez pas défini le genre de régions qui existeront, que vous ayez indiqué la portée limitée de ce projet de loi, vous avez insinué qu'il y avait quelque idée préconçue quant au genre d'expansion régionale en vertu de la mesure législative de subvention, c'est valable et ce qu'aux fins de ce projet de loi et très probablement du Ministère et de son activité n'est pas du tout important.

Quelle conclusion pourrions-nous tirer de cet important projet de loi, sous sa forme actuelle? La première mesure législative, après la création du Ministère a trait à la partie limitée de la fabrication quand les régions qui ont besoin d'une expansion de votre propre aveu ont le plus besoin d'être développées. Elles feront sûrement face à des problèmes de tourisme, de service et peut-être d'autres sortes d'industries de ressources qui n'y auraient pas été installées si elles n'avaient reçu une aide quelconque.

Je ne puis voir la sagesse de lier le ministère à son initiative de cette manière.

[Text]

**Mr. Marchand (Langelier):** If for the moment we decide to pass legislation which is designed to help the fishermen, for example, somebody can contend it is too narrow, and that we should also help the farmers. The purpose of this is to help develop the manufacturing industry in slow-growth regions.

**Mr. MacDonald (Egmont):** It does not say, manufacturing. It is an industrial incentives bill.

**Mr. Marchand (Langelier):** Pardon me.

**Mr. Broadbent:** Excuse me, Mr. Minister,

**Mr. Marchand (Langelier):** Through manufacturing.

**Mr. Broadbent:** Where does it say "through manufacturing"?

**Mr. Marchand (Langelier):** You only have to read the definition in the law. You brought your amendment, because you thought it was limited to manufacturing industry, since it is defined there. Otherwise I do not know why you brought your amendment. Mr. Chairman, this is the purpose of this piece of legislation. We can deal with the other problems, which are put forward, under the general law creating the department. That means we can help

• 2125

build infrastructures, roads and so forth. We can do all the things which are needed for industrial development. We can even help tourism. This is what we have been doing in P.E.I., in Quebec and in the lower St. Lawrence region. We have been doing that and we still intend to do it. Why do you say that we just forgot this part, because we have not forgotten it.

But, personally, I think we should put the emphasis on the industrial development in those regions, where it is possible. And where it is not possible, we can use the other piece of legislation on another basis, in order to promote development of those regions. So I do not know what other kind of instruments you want.

**Mr. Broadbent:** Mr. Chairman, I would like to come back to the purpose of the act. It was suggested, if I understood the honourable member opposite correctly, that there was reference at the outset to manufacturing. With respect, I would suggest that the definition is indeed much broader. There is no reference at all to manufacturing, until we get down into the...

[Interpretation]

**M. Marchand (Langelier):** Si, pour l'instant, on décide d'adopter une loi conçue pour aider les pêcheurs, par exemple, quelqu'un peut prétendre que c'est trop limité et que nous devrions aider les cultivateurs. Cela est destiné à aider l'expansion de l'industrie de fabrication dans les régions à faible croissance.

**Mr. MacDonald (Egmont):** On n'indique pas l'industrie de transformation. C'est un projet de loi de subvention de l'industrie.

**M. Marchand (Langelier):** Pardon.

**M. Broadbent:** Excusez-moi, monsieur le ministre.

**M. Marchand (Langelier):** Par l'entremise de l'industrie de fabrication.

**M. Broadbent:** Où stipule-t-on «par l'entremise de l'industrie de fabrication»?

**M. Marchand (Langelier):** Vous n'avez qu'à lire la définition de la loi. Vous avez présenté votre amendement, parce que vous croyiez que c'était limité aux manufactures étant donné que c'est défini dans la loi. Autrement, je ne vois pas pourquoi vous l'avez fait. C'est le but de ce projet de loi. Nous pouvons traiter des autres problèmes avancés, en vertu de la loi-cadre du Ministère. On peut donc aider à construire des infrastructures, des routes et autres. Nous pouvons faire tout ce qui est nécessaire au développement industriel. Nous pouvons même aider le tourisme. C'est ce qu'on a fait dans l'Île du Prince-Édouard, au Québec et dans la région du Bas du fleuve. Nous avons encore l'intention de le faire. Pourquoi dites-vous que nous ne faisons qu'oublier cette partie parce qu'on ne l'a pas oubliée.

Mais je crois qu'il faudrait souligner l'expansion industrielle de ces régions là où c'est possible. Là où ce n'est pas possible, on peut se servir de l'autre loi sur une base différente, afin d'aider le développement de ces régions. Je ne vois pas quels autres instruments vous voulez.

**M. Broadbent:** Monsieur le président, j'aimerais revenir à l'objectif de la loi. On parlait au début, si j'ai bien compris, d'un début de développement de l'industrie de fabrication. Avec égard, je dirais que la définition est beaucoup plus large. On n'y parle pas du tout d'industrie de fabrication, jusqu'à ce qu'on arrive à...



[Texte]

**Mr. Marchand (Langelier):** Where is the definition?

**Mr. Broadbent:** For one thing if we look at the very first item, it is shown in the title of the bill itself. Then if we read:

An Act to provide incentives for the development of productive employment opportunities in regions of Canada determined to require special measures to facilitate economic expansion and social adjustment

**Mr. Marchand (Langelier):** Yes.

**Mr. Broadbent:** Certainly my interpretation is that it is very broad indeed and would include tourism, and a number of other sectors of the economy which are not restricted in any way to manufacturing. We do not find out it is restricted until we get down to clause 2 (f).

**The Chairman:** I would like to interject here just on a point. It has been said by almost every member, I think, of this Committee and from every region, that the federal government is spending a great deal of money trying to help various parts of Canada and they seem to be hamstrung by the provinces or, in some ways, they are not getting the direct aid across that is needed.

The Department, as the Minister has said, must and does work with the provinces, and this came under some criticism during our estimates. This new piece of legislation that we are looking at this evening is the direct help which everybody has almost asked for on this committee. It has been said many, many times by all members that this is what we should be doing. It was said before the legislation was enacted or before it was presented to the House.

Mr. MacDonald, you say that you cannot see why we now have a restrictive piece of legislation when the act sets up the department, well the reason we do it is to satisfy some of the things you asked for earlier when you wanted direct federal help to areas which needed development. Certainly it is limited to manufacturing, and I think this is the purpose of the bill. It will replace the ADA program which was restrictive, and had some very serious faults in it, that wasted or used improperly a great deal of federal funds.

**Mr. MacDonald (Egmont):** I might say in response to that, because I think there is always a danger of being taken in a bit by myth. Some of the so-called weaknesses

[Interprétation]

**M. Marchand (Langelier):** Où se trouve la définition?

**M. Broadbent:** D'abord, si vous regardez la première chose, vous la voyez dans le titre du projet de loi. Si vous lisez:

Loi prévoyant des subventions au développement pour favoriser les possibilités d'emploi productif dans les régions du Canada où des mesures spéciales sont nécessaires pour promouvoir l'expansion économique et le relèvement social. .

**M. Marchand (Langelier):** Oui.

**M. Broadbent:** D'après mon interprétation, cette mesure est très large et comprendrait l'industrie touristique et un grand nombre d'autres secteurs de l'économie qui ne sont pas limités d'aucune façon à l'industrie de fabrication. Nous ne voyons pas qu'elle est limitée avant d'arriver au paragraphe (f) de l'article 2.

**Le président:** Je voudrais m'attarder sur un point. Presque tous les députés de ce Comité et de toutes les régions ont dit que le gouvernement fédéral dépense beaucoup d'argent afin d'aider les diverses régions du Canada et il semble qu'on se trouve immobilisé par les provinces et d'une certaine manière, ils ne reçoivent pas l'aide directe nécessaire.

Le Ministère, comme l'a dit le ministre, se doit et collabore avec les provinces, ce qui fait l'objet de critiques au moment des prévisions budgétaires. La nouvelle mesure législative que vous étudiez ce soir constitue l'aide directe que tout le monde a, en effet, demandée au Comité. On a dit autant comme autant que c'est ce qu'on devrait faire. On l'a dit même avant le dépôt ou l'adoption du projet de loi, à la Chambre. Monsieur MacDonald, vous dites que vous ne voyez pas pourquoi il y a maintenant une mesure législative restrictive, alors que la loi crée le ministère. C'est simplement pour vous donner certaines choses que vous avez demandées auparavant lorsque vous avez désiré l'aide fédérale directe aux régions qui avaient besoin de développement. Cela se limite naturellement à l'industrie de fabrication et je crois que c'est le but du projet de loi. Cela va remplacer le programme de la loi sur le développement agricole qui était restreint et qui avait de graves défauts qui gaspillait ou qui faisait un mauvais usage de la caisse fédérale.

**M. MacDonald (Egmont):** Je dois répondre parce qu'il est toujours dangereux de se laisser aller au mythe, que certaines soi-disant failles dans la Loi sur le développement agri-



## [Text]

in the ADA legislation were not in legislation, but were in departmental regulations. While there may be some weaknesses in the bill, I think that some of the things we referred to as law were not law. They were departmental regulations for purposes of administering that particular bill.

The Minister, in talking about tourism, goes back to the FRED agreement, either in Prince Edward Island or in Quebec or what have you and that is fine, but the FRED legislation was repealed when we passed this bill. While there are provisions under the new departmental legislation to enter into certain kinds of agreements, we had positively no information as to the extent to which those particular sections will be utilized, the amount of money that would be devoted to their utilization, or the kind of priority that has been established between the federal government and the provinces for the implementation. You are asking us to accept, simply because you say so, that there will be an equal amount of concentration on the areas that need it with regard to the tourist industry. Quite frankly, I do not think that is good enough. If we are seriously concerned about regional development—this is a regional incentive piece of legislation and it deals with industry—then surely we have to recognize the poten-

• 2130

tial of industries in the regions where they exist and not arrive at some position because of a preconceived notion of what is and what is not industry.

**Mr. Marchand (Langelier):** Do you know of any power that we had under the FRED legislation that we do not have under the new legislation?

**Mr. MacDonald (Egmont):** One thing very vital about the FRED legislation is that it did say two things that were, to me, extremely important. It allocated funds, which in this day and age is not inconsequential, and secondly, it indicated that in many cases the federal government would bear up to 100 per cent of the cost of the program. That seemed to get lost when Prince Edward Island's plan was implemented, but the legislation did provide for that and it did spell out in more specific terms the nature of the plans and the research that would be gone into. All of that has gone by the board and I do not want to argue again for FRED. I think FRED was a particular event in time. But I think that if we are going to approach regional development on a rational basis, we have to approach the total problem and not simply say that this is the problem as we conceive it and that tourism is an issue and we will deal with it

## [Interpretation]

cole ne tenaient pas à la loi elle-même mais aux règlements ministériels. Il y avait certaines faiblesses dans le projet de loi et je crois que certaines choses auxquelles nous nous reportions comme éléments de la loi ne l'étaient pas. Il s'agissait de règlements ministériels aux fins de l'administration de ce projet de loi.

En parlant du tourisme, le ministre revient à l'accord FODER, soit dans l'Île du Prince-Édouard, soit au Québec ou soit ailleurs, mais la mesure législative FODER a été repoussée quand nous avons adopté le projet de loi. Alors qu'il y a des dispositions en vertu de la nouvelle mesure législative pour entrer dans certaines sortes d'accords, nous n'avions pas de renseignements sur la portée dont ces articles seront utilisés, la somme d'argent qui y sera allouée ou la sorte de priorité qui a été fixée entre le gouvernement fédéral et les provinces pour son application. Vous nous demandez d'accepter, simplement parce que vous le dites, qu'il y aura un montant égal de concentration sur ces régions qui en ont besoin pour l'industrie. En toute franchise, je ne crois pas que ce soit assez bon. Si nous nous intéressons à l'expansion régionale, puisque c'est une loi de subventions aux régions et qu'elle traite de l'industrie, il faut alors reconnaître le potentiel des industries des régions où elles existent et non pas arriver

à une position à cause d'une idée préconçue de l'industrie.

**M. Marchand (Langelier):** Connaissez-vous les pouvoirs qu'on a en vertu de la mesure législative FODER que nous n'avons pas en vertu de la nouvelle?

**M. MacDonald (Egmont):** Il y a deux choses très importantes dans la mesure législative FODER. Il alloue des fonds qui de nos jours ne sont pas sans conséquence et qui ont indiqué dans plusieurs cas que le gouvernement fédéral accepterait jusqu'à la totalité des coûts du programme. Cela semblait perdu quand le projet de l'Île du Prince-Édouard a été mis en application, mais le projet de loi le prévoyait et il indiquait en des termes plus précis la nature des projets et des recherches qui seraient étudiés. Tout cela est passé par le comité et je ne veux plus discuter de FODER. Je crois que c'était un événement particulier. Si on envisage l'expansion régionale sur une base rationnelle, il faut prendre le problème dans son ensemble et non pas simplement dire que c'est le problème de la manière dont nous le voyons, et le tourisme est une solution que nous allons appliquer avec diverses ententes globales. Je ne vois pas comment

**[Texte]**

under various comprehensive agreements. I cannot see how you can make a distinction, because of a constitutional issue, between developing or assisting a tourist industry as against other forms of economic activity. This is a new constitutional wrinkle in my book.

**Mr. Marchand (Langelier):** No, because this piece of legislation is related to the creation of employment opportunities. We are not interested in industry as such. We are interested in industry as a source of employment opportunity.

**Mr. MacDonald (Egmont):** Hear, hear.

**The Chairman:** Mr. Burton.

**Mr. Burton:** It seems to me that the amendments we have been discussing here are very important because here we are discussing the means of achieving the purposes set out in the title of the bill. As such, I think that this discussion is very important. I think the viewpoint advanced by a number of us here is that to achieve the maximum possible economic expansion, to provide for social adjustment, to provide for employment opportunities, we do require balanced economic development. It seems to me that the more the Minister says with respect to this legislation, the more it becomes clear that in fact this legislation as set out will result in a great deal of unbalanced development. It seems to me that we need to give this consideration, and as such I think the amendment moved by Mr. MacDonald is really quite useful.

The fact is that when we do get secondary industry, which is very necessary, this does not necessarily result in the development and expansion of the service industry that should take place together with the expansion or development of secondary industry. I have seen examples of this. I think there should be adequate provision, after meeting all necessary criteria, for assisting in the development and expansion of service facilities in order to provide for the best possible rational development of the local economy of the region.

Similarly with the tourist industry. It seems to me that the reason, as I understood the Minister to say, why this should not be included in this legislation is that it can be covered under the departmental act itself and that it really only provides seasonal employment, employment for part of the year. To my mind, if we are going to achieve balanced economic development, that is all the more reason why it should be brought within the framework of this particular plan and this

**[Interprétation]**

vous pouvez faire une distinction à cause d'une conséquence constitutionnelle entre le développement ou l'aide à l'industrie touristique comme envers d'autres formes d'activité économique. C'est un problème nouveau de la constitution.

**M. Marchand (Langelier):** Non, parce que ce projet de loi est rattaché à la création de possibilités d'emplois. Nous ne nous intéressons pas à l'industrie en tant que telle, mais seulement en tant que source d'emplois.

**M. MacDonald (Egmont):** Bravo.

**Le président:** Monsieur Burton.

**M. Burton:** Il me semble que les amendements sont très importants parce qu'il s'agit des moyens d'atteindre les buts établis dans le projet de loi. Je crois que, pour cette raison, la discussion est très importante et le point de vue de plusieurs députés indique qu'on veut atteindre l'expansion économique maximale pour assurer un relèvement social pour créer des emplois, il faut une expansion économique équilibrée. Il me semble que plus le ministre parle de ce projet de loi, plus il est clair qu'en fait, elle va créer beaucoup de déséquilibre. Pour cette raison, je crois que nous devons prêter une attention spéciale et que l'amendement de M. MacDonald est vraiment très utile.

Lorsque nous aurons les industries secondaires qui sont indispensables, cela ne veut pas dire que l'expansion de l'industrie du service ira de pair avec l'expansion de l'industrie du secteur secondaire. J'en ai vu des exemples. Je crois qu'il devrait y avoir une disposition précise après avoir respecté tous les critères nécessaires pour aider l'expansion des installations de service afin d'assurer le meilleur développement rationnel possible de l'économie régionale.

Il en est de même pour l'industrie touristique. Il me semble que la raison d'après les propos du ministre, pour laquelle on ne devrait pas l'insérer dans cette mesure législative, c'est qu'elle peut toucher sous le coup de la loi-cadre du ministère et qu'elle ne fait qu'assurer des emplois saisonniers pour une partie de l'année. A mon avis, si nous désirons une expansion économique équilibrée, c'est une raison de plus pour l'inclure dans le cadre de ce programme spécial et de cette loi.



## [Text]

act. It seems to me this is a reason for bringing it under this act rather than for excluding it from the scope of this act. Therefore, I would urge members to support this amendment because I think it would assist the Minister, and it would assist the government in achieving the job which all of us want to see it carry out in this field of legislation.

**The Chairman:** Thank you Mr. Burton. Is the Committee ready for the question?

**Some hon. Members:** Question.

**The Chairman:** It has been moved that we: Strike out paragraph (f) of Clause 2 and substitute:

(f) "facility" means the structures, machinery and equipment that constitute the necessary components of

- (i) a manufacturing operation;
- (ii) a tourist operation;
- (iii) a service operation;
- (iv) a processing operation other than an initial processing operation in a resource-based industry.

## • 2135

Motion negatived.

Clauses 2, 4, 5, and 6 agreed to.

**On Clause 7: Ineligible Facilities**

**Mr. Burton:** Mr. Chairman.

**The Chairman:** Yes, Mr. Burton.

**Mr. Burton:** One of the amendments that was referred to by yourself earlier came from Mr. Broadbent and myself. This particular clause, as we noted, does provide that there is to be no development incentive provided if, in the opinion of the Minister:

- (a) it is probable that the facility would be established, expanded or modernized without the provision of such an incentive; or
- (b) the establishment, expansion or modernization of the facility would not make a significant contribution to economic expansion and social adjustment within the designated region.

Mr. Chairman, it seems to me that this legislation is really geared to the assistance and the development of private industry as

## [Interpretation]

Cela me semble une raison pour l'inclure dans la loi et non pour l'exclure. Je prierais donc les membres du Comité d'appuyer cet amendement parce qu'à mon avis, cela aiderait le ministre et le gouvernement à réaliser les buts du projet de loi, ce que tous souhaitent dans le domaine de la mesure législative.

**Le président:** Merci, monsieur Burton. Est-ce qu'on est prêt pour la mise aux voix?

**Des voix:** Oui.

**Le président:** On a proposé:

Que l'article 2 du Bill C-202 soit modifié par le retranchement de l'alinéa f) et son remplacement par ce qui suit:

f) «établissement» désigne les bâtiments, l'outillage et le matériel nécessaires à

- (i) une entreprise de fabrication;
- (ii) une entreprise touristique;
- (iii) une entreprise de services;
- (iv) une entreprise de transformation, autres que ceux employés ou utilisés dans une étape de transformation initiale dans une industrie basée sur une ressource naturelle;»

La motion est rejetée. Les articles 2, 4, 5 et 6 sont adoptés.

Sur l'article 7: *Établissements exclus*

**M. Burton:** Monsieur le président.

**Le président:** Oui, monsieur Burton.

**M. Burton:** L'un des amendements auquel vous vous reportiez plus tôt avait été proposé par monsieur Broadbent et moi-même. Comme nous l'avons fait remarqué, cet article stipule qu'il n'y aura pas de subvention au développement à moins que le ministre soit d'avis:

- a) qu'il est probable que l'établissement serait implanté, agrandi ou modernisé, sans l'attribution d'une telle subvention; ou
- b) que l'implantation, la grandissement ou la modernisation de l'établissement ne contribuerait pas notablement à l'expansion économique et au relèvement social dans la région désignée.

Monsieur le président, il me semble que cette mesure législative conduit inévitablement à l'aide et au développement de l'indus-



## [Texte]

such. In many cases I think this can achieve a very useful and worthwhile end. However, I think that we should take care in this legislation that we do not exclude the cases or instances where, for a variety of political—I use that term in the broad sense—social and economic reasons, it may be considered desirable to establish a Crown corporation. If, in fact, a Crown corporation can do the job, then this, I think, provides us with a completely different situation. It would seem to me that we should not have established in this legislation a provision which would in fact work against possible Crown corporations where it is decided that they may or would be useful.

I think it would be useful to insert a new subsection (c) in this particular section, and accordingly I move:

That Bill C-202, An Act to provide incentives for the development of productive employment opportunities in regions of Canada determined to require special measures to facilitate economic expansion and social adjustment, be amended, by including in clause 7, section 1, the following new subsection (c): "the establishment of a crown corporation in consultation with provincial authorities would make a more significant contribution to economic expansion and social adjustment within the designated region".

To read subclause (c) together with the preamble, it would mean that no development incentive may be authorized under this Act for the establishment, expansion or modernization of any facility if, in the opinion of the Minister, the establishment of a Crown corporation in consultation with provincial authorities would make a more significant contribution to economic expansion and social adjustment within the designated region.

**The Chairman:** Thank you. Do you have a comment on that, sir?

**Mr. Marchand (Langelier):** The only comment I have is that, of course, we can create a Crown corporation if we think it is the proper thing to do. The provinces can create Crown corporations. We have done it in the case of DEVCO in Nova Scotia. We created DEVCO for the purpose of exploiting the coal mining and developing the region economically. So we can do it, and we can give grants to Crown corporations. There is nothing which prevents us in this law from giving grants to

## [Interprétation]

trie privée. Dans plusieurs cas on peut réaliser un objectif très utile. Je crois que nous devrions prendre soin dans l'élaboration de cette mesure législative de ne pas exclure les cas ou instances où, pour différentes raisons politiques, dans le sens le plus vaste du terme, sociales et économiques l'on puisse souhaiter établir une société de la Couronne. Si en fait, une société de la Couronne peut s'acquitter de la tâche à accomplir, elle donne alors une situation tout à fait différente. Il me semble que nous ne devrions pas avoir, dans cette mesure législative, de disposition qui éliminerait la possibilité d'aller à l'encontre à une société de la Couronne lorsque l'on pourrait déterminer que cela pourrait ou voudrait être souhaitable.

D'après moi, il serait inutile que le Bill C-202 soit modifié par l'insertion, au paragraphe (1) de l'article 7, du nouvel alinéa c) que voici:

«que l'implantation d'une société de la Couronne en consultation avec les autorités provinciales contribuerait plus notablement à l'expansion économique et au relèvement social dans la région désignée.»

L'alinéa c) et le préambule, signifierait que l'attribution d'une subvention au développement ne peut être autorisée en vertu de la présente loi, pour l'implantation, l'agrandissement ou la modernisation d'un établissement si le Ministre est d'avis que l'implantation d'une société de la Couronne en consultation avec les autorités provinciales contribuerait plus notablement à l'expansion économique et au relèvement social de la région désignée.

**Le président:** Merci. Avez-vous des commentaires à ce sujet, monsieur?

**M. Marchand (Langelier):** Le seul commentaire que je peux faire, c'est que nous pouvons naturellement créer une société de la Couronne si cela nous semble la solution souhaitable. Les provinces peuvent elles aussi créer des sociétés de la Couronne. On connaît le cas de DEVCO en Nouvelle-Écosse. Nous avons créé cette société pour l'exploitation des mines de charbon et l'expansion économique de la région. Nous pouvons donc le faire et nous pouvons donner des subventions aux sociétés de la Couronne. Rien dans la loi nous

[Text]

a Crown corporation. Therefore, what is the use of having this subsection in?

**Mr. Burton:** Mr. Chairman, it seems to me that there are other ways of dealing with the capital requirements for a Crown corporation than through the provision of grants. It seems to me as well that there is some considerable possibility of placing a possible Crown corporation at a disadvantage as compared to a private operation if we leave the bill as it is now.

**Mr. Marchand (Langelier):** I think that we have all the authority to create any kind of Crown corporation we want to create. We have done it in the past. We can give grants to Crown corporations, so I just do not see

• 2140

why we should have that here because we cannot create a Crown corporation under this article. It is not possible. We will have to have a special bill in the House to create a Crown corporation. So what does it add?

**Mr. Burton:** It seems to me that we should not preclude...

**Mr. Marchand (Langelier):** It is not precluded.

**Mr. Burton:**... the advantages to be gained through a Crown corporation.

**Mr. Marchand (Langelier):** I agree entirely with you, but we can do it.

**Mr. Burton:** It seems to me that it would be more satisfactory if we in fact had this section filled in.

**Mr. Marchand (Langelier):** No, it would be more embarrassing. It would be a meaningless clause; that is all. We can do it and we can give grants to Crown corporations. So what is the use of having that? Would you have a clause authorizing me to sign letters from those who write to me? I have that right. We have that right to create Crown corporations; if in a region this is the only way in which to bring about development, of course, we can decide to create it.

**Mr. Burton:** The only way or the best way? I think they are both possibilities.

**Mr. Marchand (Langelier):** I am not in disagreement at all with you on this, not at all, not for a second. However, I think it is a useless amendment.

[Interpretation]

interdit de le faire.

Alors, à quoi sert d'avoir un tel alinéa?

**M. Burton:** Monsieur le président, il me semble que cela nous donne d'autres moyens de s'occuper des exigences en capital d'immobilisation pour une société de la Couronne que par une disposition de subvention. Il me semble aussi qu'il y a beaucoup d'occasions de désavantager une société de la Couronne par rapport à une entreprise privée si le texte de la loi n'est pas modifié.

**M. Marchand (Langelier):** Je crois que nous avons tous les pouvoirs de créer la société de la Couronne de notre choix. Nous l'avons fait dans le passé. Nous pouvons accorder des subventions aux sociétés de la Couronne. Je

ne vois donc pas pourquoi nous devrions avoir cet alinéa parce que nous ne pouvons créer de société de la Couronne en vertu de cet article. Ce n'est pas possible. Il faudra présenter un projet de loi spécial à la Chambre, pour créer une société de la Couronne. Qu'est-ce que cela apporte donc?

**M. Burton:** Il me semble que nous ne devrions pas écarter...

**M. Marchand (Langelier):** Cela ne l'écarte pas.

**M. Burton:**... les avantages qu'on peut gagner avec une société de la Couronne.

**M. Marchand (Langelier):** Je suis tout à fait d'accord avec vous, mais nous pouvons le faire.

**M. Burton:** Cela me semblerait plus satisfaisant si c'était stipulé.

**M. Marchand (Langelier):** Non, cela serait plus embarrassant tout au plus. Nous pouvons le faire, nous pouvons donner une subvention aux sociétés de la Couronne, alors à quoi cela servirait-il de l'avoir inscrit? Est-ce que vous auriez une clause qui me permettrait, me donnerait le pouvoir de signer les lettres de ceux qui m'écrivent? Nous avons ce droit-là. Nous avons le droit de créer des sociétés de la Couronne, si c'est la seule façon d'amener le développement et d'aider à l'expansion de la région. Dans ce cas-là, bien sûr, nous y recourrons.

**M. Burton:** La seule façon ou la meilleure façon? Je crois, d'après moi, que les deux possibilités existent.

**M. Marchand (Langelier):** Je ne suis pas en désaccord avec vous, pas du tout, mais je crois que c'est inutile d'inscrire cela dans la loi.



[Texte]

**The Chairman:** Mr. Cullen.

**Mr. Cullen:** Mr. Chairman, I feel like the Minister, that this would be redundant. Secondly, I think it would have a detrimental effect on the legislation. If you are going to make this grant, you are considering two possibilities that would prevent the grant structure. I think you are unduly complicating it by adding the third factor of a Crown corporation. I think that that initiative would come possibly from another area, from another department. It is limited as it is at the present time; one decision or another has to be made; now you are asking that a third decision be made. I think we are getting in to the area of a nebulous concern. I would be opposed to the amendment, Mr. Chairman.

**The Chairman:** Thank you, Mr. Cullen.

**Mr. Burton:** I move that Bill C-202, be amended, by including clause 7, section 1, the following new subsection (c): "the establishment of a crown corporation in consultation with provincial authorities would make a more significant contribution to economic expansion and social adjustment within the designated region".

Motion negatived.

**Mr. MacDonald (Egmont):** I would like to ask a few questions on Clause 7.

**The Chairman:** I am sorry, Mr. MacDonald.

**Mr. MacDonald (Egmont):** In the second last line, line 11, page 6, it says:

...exceed such minimum amount as is prescribed by the regulations.

The Minister has fairly elaborately outlined in the legislation the maximum that can be given; even though there is sufficient latitude within his administration to go up and down the scale on the amount that we have made available, why is there no definition in the legislation as to a minimum. If he feels that a minimum should be prescribed, I am wondering why the House was not permitted to pass judgment on that minimum rather than leaving it for a matter of regulation. I wonder as well if the Minister could indicate to us what the minimum amount is likely to be.

**Mr. Marchand (Langelier):** Yes, I think that the reason for a maximum is much stronger than for a minimum because this is public money that we are going to spend. Therefore, the House is authorized to know to what limit we are ready to go. As far as the minimum is concerned, we think that we need some flexi-

[Interprétation]

**Le président:** Monsieur Cullen.

**M. Cullen:** Monsieur le président, je crois, comme le ministre, que cela serait dire deux fois la même chose et cela serait même nuisible dans la mesure législative. Si vous voulez donner des subventions, vous devez envisager deux possibilités qui puissent empêcher l'octroi des subventions. Cela est déjà assez complexe sans aller parler du cas d'une société de la Couronne. D'autres ministères peuvent recourir à une société de la Couronne. Cette initiative est limitée pour le moment, c'est un oui ou un non. Et vous voulez qu'une troisième décision soit prise. Alors je crois que c'est nuire au présent bill, et je m'opposerais donc à l'amendement, monsieur le président.

**Le président:** Merci, monsieur Cullen.

**M. Burton:** Je propose qu'on amende le bill C-202 en ajoutant à la clause 7 section (1) le paragraphe suivant: (c) L'établissement d'une société de la Couronne après consultation avec les autorités provinciales favoriserait davantage l'expansion économique et le relèvement social d'une région.

La motion est rejetée.

**M. MacDonald (Egmont):** J'aurais un commentaire à faire si vous permettez, sur la clause 7.

**Le président:** Je regrette, monsieur MacDonald.

**M. MacDonald (Egmont):** À la ligne 12 en français à la page 6, on lit:

le montant minimal que prescrivent les règlements.

Je sais que le ministre a déjà précisé les maximums qui peuvent être donnés, il nous a dit qu'il avait beaucoup de souplesse quant à l'attribution de ce maximum, pourquoi n'y a-t-il pas de définition dans la mesure législative de ce qu'est le minimum. Quand on parle d'un montant minimal, on ne dit pas quelle est cette somme?

Est-ce qu'on a tort de stipuler cela dans les règlements? Est-ce que le ministre pourrait nous indiquer qu'est-ce que sera probablement ce montant minimal?

**M. Marchand (Langelier):** Je crois que la raison pour laquelle on établit un maximum est plus évidente et plus pressante que celle qui demande l'établissement d'un minimum parce que ce sont les fonds publics que nous allons dépenser. La Chambre doit savoir jusqu'à quel point nous pouvons aller. Quant



## [Text]

bility because it depends a little bit on the situation as it exists now. There is no principle in the purpose of this minimum; it is only if there is no minimum at all.

We will be flooded by all kinds of requests of small family enterprises; that may be very worth while as such, but in terms of employment it would be meaningless; this is not the purpose of the law. It is not to substitute the government for very private initiative in the field of industrial development. Therefore, I think that we must have a minimum to get rid of all those applications that wish to build a very small industry, employing one or two employees, that will have no impact at all on the economy of the region.

## ● 2145

This is why we want a minimum. Now it will be quite a low minimum, but enough not to embarrass the Department to a point where it will be difficult for us to administer it. That is all. We can debate when the regulation will come into force. This is a point that I am ready to discuss with you at any time, and say, "Well, let us set the minimum;" the only purpose we have in mind, is not to open this legislation so much that it becomes administratively impossible.

**Mr. MacDonald (Egmont):** Will the minimum vary from region to region, or will it be a uniform minimum?

**Mr. Marchand (Langelier):** A uniform minimum.

**Mr. MacDonald (Egmont):** Am I right in suggesting that you have said publicly that the minimum would likely be in the area of \$45,000 to \$50,000?

**Mr. Marchand (Langelier):** I said that?

**Mr. MacDonald (Egmont):** I am asking you whether or not you have said that.

**Mr. Marchand (Langelier):** I do not recall having said that.

**Mr. MacDonald (Egmont):** I believe you did.

**Mr. Marchand (Langelier):** I did not say that I did not say it. I said I do not recall. If I said it, it has a good chance of being true.

Mr. Kent mentioned to me that the minimum may vary according to the nature of the application, if it is for expansion or establishment of a new plan or line. You may have a manufacturer, for example, who needs \$25,000 for expansion; it would be very use-

## [Interpretation]

à ce qui concerne le minimum, nous croyons que nous avons besoin à nouveau de souplesse. Tout dépend des situations telles qu'elles existent actuellement. Il n'y a pas de principe en ce qui a trait au minimum, il y en a un seulement lorsqu'il n'y a pas de minimum.

C'est que s'il n'y avait pas de minimum, nous serons inondés de toute sorte de demandes provenant des petites entreprises familiales, qui peuvent être utiles en tant que tel, mais dans le cadre de la création de nouveaux emplois, cela serait presque sans effet. Ce n'est pas le but de la loi. Le gouvernement ne veut pas remplacer l'initiative privée dans le développement industriel. Nous devons donc préciser un minimum pour éliminer ces petites demandes, ces gens qui vont tenter d'établir des petites industries comptant un ou deux employés qui n'aideront pas du tout l'économie de la région. Voilà pourquoi nous demandons un montant minimum. Ce sera un minimum assez bas mais un minimum suffisant pour ne pas embarrasser le ministère à un point où nous rencontrerions des difficultés dans l'administration, c'est tout. Nous pourrions en discuter quand les règlements seront en vigueur. À ce moment-là, nous traiterons du minimum. Tout ce que nous envisageons de faire actuellement, c'est de ne pas rendre cette mesure législative si gênéreuse que l'administration en soit impossible.

**M. MacDonald (Egmont):** Est-ce que le minimum variera de région en région ou sera-t-il uniforme?

**M. Marchand (Langelier):** Non, ce sera un minimum uniforme.

**M. MacDonald (Egmont):** Puis-je présumer que j'ai raison quand je dis que vous avez annoncé publiquement que le minimum serait aux alentours de \$45,000 à \$50,000?

**M. Marchand (Langelier):** J'ai dit cela?

**M. MacDonald (Egmont):** Je vous demande si oui ou non vous avez dit cela.

**M. Marchand (Langelier):** Je ne me souviens pas avoir dit cela.

**M. MacDonald:** Je crois que vous l'avez dit.

**M. Marchand (Langelier):** Je n'ai pas dit que je ne l'avais pas dit, j'ai dit que je ne m'en souvenais pas. Si je l'ai dit, il y a de fortes chances que cela soit vrai. Monsieur Kent me mentionne que le minimum peut varier selon la nature de la demande, si c'est pour l'expansion ou l'établissement d'une nouvelle usine ou d'une nouvelle ligne de fabrication. Un manufacturier, par exemple,

[Texte]

ful, however, it may not be the same minimum in that case as in the case of an establishment...

**Mr. MacDonald (Egmont):** In the case of the figure that you used, the \$45,000 to \$50,000 figure...

**Mr. Marchand (Langelier):** When did I say that, sir? Do you remember?

**An hon. Member:** At a press conference.

**Mr. MacDonald (Egmont):** Was that with regard to the primary grant or secondary grant; in what instance were you using that figure?

**Mr. Marchand (Langelier):** Yes, a secondary grant, probably.

**Mr. MacDonald (Egmont):** Probably. Was that the amount of the grant or the amount of the total capital investment?

**Mr. Marchand (Langelier):** Of the investment by the applicant.

**Mr. MacDonald (Egmont):** Of the total investment by the applicant?

**Mr. Marchand (Langelier):** Yes.

**Mr. MacDonald (Egmont):** So that a capital investment of less than \$45,000 or \$50,000...

**Mr. Marchand (Langelier):** If this figure is right, then you are right.

**Mr. MacDonald (Egmont):** You used it. I did not. I am just quoting from your press conference.

**Mr. Marchand (Langelier):** It may be approximately \$20,000 as a minimum grant.

**Mr. MacDonald (Egmont):** However, you do not expect that the minimum will be larger than that.

**Mr. Marchand (Langelier):** No, it will be in this order of magnitude.

**Mr. MacDonald (Egmont):** The reason I raised this is because I think you understand that when you get into the business of industrial development, it may well be for certain areas that a number of smaller industries will have a better potential in terms of reacting with each other and providing more over-all employment opportunity than the establishment of one very large industry, which may not be soundly based on the potential of the economy in a particular region.

[Interprétation]

peut avoir besoin de \$25,000 pour fins d'expansion. Un tel montant pour lui sera très utile; aussi il se peut que le minimum pour lui ne soit pas le même que s'il s'agissait de l'établissement d'une nouvelle usine...

**M. MacDonald (Egmont):** Quant aux chiffres que vous avez mentionnés, 45 à 50 mille dollars...

**M. Marchand (Langelier):** Quand est-ce que j'ai dit cela, monsieur vous en souvenez-vous?

**Une voix:** À une conférence de presse.

**M. MacDonald (Egmont):** Est-ce que cela avait trait aux subventions primaires ou secondaires, en rapport à quoi, utilisiez-vous ces chiffres?

**M. Marchand (Langelier):** Probablement en ce qui a trait aux subventions secondaires.

**M. MacDonald (Egmont):** C'est le montant de la subvention ou de l'investissement total en capital?

**M. Marchand (Langelier):** L'investissement du requérant.

**M. MacDonald (Egmont):** De l'investissement total du requérant?

**M. Marchand (Langelier):** Oui.

**M. MacDonald (Egmont):** Un investissement de capitaux de moins de 45 à 50 mille dollars ne sera pas considéré.

**M. Marchand (Langelier):** Si ce chiffre est juste, eh bien, vous avez raison.

**M. MacDonald (Egmont):** Il me semble que c'est ce que vous avez dit à votre conférence de presse, monsieur Marchand.

**M. Marchand (Langelier):** Cela voudrait dire environ 20,000 dollars comme minimum.

**M. MacDonald (Egmont):** Vous ne vous attendez pas à ce que le minimum soit plus important que cela.

**M. Marchand (Langelier):** Non, je m'attends pas à ce que cela soit plus considérable.

**M. MacDonald (Egmont):** Si j'ai soulevé cette question, c'est que vous devez vous rendre compte que lorsque vous vous lancez dans le développement industriel, il se peut fort bien que pour certaines régions, un certain nombre de petites industries peuvent avoir un meilleur rendement en s'entraïdant et en s'entre-stimulant et peuvent fournir plus d'occasions d'emplois que le ferait l'établissement d'une industrie gigantesque, tout dépend du potentiel économique d'une région particulière.



[Text]

**Mr. Marchand (Langelier):** Yes, I agree. This is why the minimum is quite low. However, if someone wishes to invest \$5,000 in a plant, then I do not think that we should be involved.

**Mr. MacDonald (Egmont):** But you are not going to exclude some of these smaller industries; I think we are in a period where this could create a particular problem for industries which are anxious to establish either a new facility, or to move into a field where they have not previously been engaged, at a time when credit is very difficult to obtain; when it is obtained, it is at an extremely high interest rate. The normal lending agencies of the government are moving more and more towards charging conventional rates. Their own money supply is, of course, limited. I would think that here again, if we are really going to try to deal with the basic industrial potential of an area, we must not set our minimum at too high a level to pursue that kind of opportunity.

**Mr. Marchand (Langelier):** The purpose of the law is to help the economic development, of course, not to prevent it.

**Mr. MacDonald (Egmont):** Well, on a very limited manufacturing basis...

**Mr. Marchand (Langelier):** Yes, to the extent that manufacturing industry in Canada is something very limited, all right.

**Mr. MacDonald (Egmont):** Well, it is in many of the regions that you are going to be working with, I am afraid. On a straight developmental basis, I would think that you would be merely repeating some of the follies of the past rather than making use of the opportunities of the present. We should look

• 2150

at industrial potential on that kind of basis. I am talking about the areas to the degree that you and I both represent, that will need a variety of industrial support if they are to have any kind of economic growth.

**Mr. Marchand (Langelier):** If ever we helped to create a plant employing 1,000 persons in P.E.I., you would say that it is very limited in scope.

**Mr. MacDonald (Egmont):** I do not know what relevance that has to the discussion we are presently having.

[Interpretation]

**Mr. Marchand (Langelier):** C'est pourquoi le minimum est assez bas. Enfin, nous ne devons pas être en cause, si quelqu'un désire investir 5,000 dollars dans une usine ou quelque chose comme cela.

**Mr. MacDonald (Egmont):** Mais vous n'allez pas exclure les petites industries. Je crois que nous sommes dans une période où cela pourrait créer des problèmes pour les industries désireuses de créer de nouvelles installations ou d'aller de l'avant dans un domaine où elles ne faisaient pas d'affaires précédemment, à un moment où le crédit est difficile à obtenir et lorsqu'on obtient ce crédit, c'est à des taux d'intérêt très élevés. Les organismes prêteurs du gouvernement appliquent de plus en plus des taux d'intérêt courant dans le monde des affaires, et leur réserve financière est aussi limitée. Alors, si nous devons aider au développement industriel d'une région pour qu'elle puisse tirer partie de tout son potentiel, nous devons faire attention au montant que nous fixons comme minimum.

**Mr. Marchand (Langelier):** Vous savez fort bien que nous tentons d'aider la région en vertu du présent bill, et non empêcher son développement.

**Mr. MacDonald (Egmont):** Vous aiderez dans une petite mesure à l'établissement d'industries manufacturières.

**Mr. Marchand (Langelier):** Oui, dans la mesure où l'industrie manufacturière au Canada est limitée, je suis d'accord avec vous.

**Mr. MacDonald (Egmont):** C'est ce dont vous aurez à tenir compte dans plusieurs régions, je crois, et sur une base de développement vous ne ferez que répéter certaines des erreurs du passé plutôt que d'utiliser les ressources du présent. Regardez le potentiel industriel de certaines régions. Je parle des régions que nous représentons et qui ont besoin d'une grande diversité d'aide industrielle si elles veulent connaître une certaine croissance économique.

**Mr. Marchand (Langelier):** Si nous aidons à créer une usine employant 1,000 personnes dans l'Île du Prince-Édouard, vous direz que c'est très limité quant à son envergure, je suppose.

**Mr. MacDonald (Egmont):** Je ne vois pas ce que ça donne dans la discussion.



[Texte]

**Mr. Marchand (Langelier):** You said that it is limited because it is manufacturing.

**Mr. MacDonald (Egmont):** No. If you want to talk about the comprehensive development plan for Prince Edward Island, I am prepared to talk about it with you. If you want to talk about this bill, I am prepared to talk about that. But putting both of them together as just the same thing to me is not good logic.

**Mr. Marchand (Langelier):** The only thing I say is that in certain regions or in certain communities, if you succeed in establishing a plant employing 500 or 1,000 persons, this is a very important move in that community and nobody will believe that it is a restrictive move or a limited move. This is very important.

**Mr. MacDonald (Egmont):** Unless there remain 2,000 or 3,000 people who are still unemployed or underutilized; then I think you and I would both agree that we have not really dealt with the larger problem in that area.

**Mr. Marchand (Langelier):** Yes.

**The Chairman:** Will clause 7 carry?

**Mr. Broadbent:** Mr. Chairman, I have an amendment to Clause 7, and my attitude towards it is more serious than towards the amendment that I first introduced or the one Mr. MacDonald introduced. It concerns the question of foreign ownership in Canada. I am sure the Minister will recall a report presented to this government, to the Liberal Government, a few years ago by Professor Watkins. That report and countless editorials in certain newspapers and articles in certain journals for a number of years now have pointed out the trend, an almost fatal trend, in not doing something soon in terms of economic independence of take-overs, and not only of take-overs but of original development of industry in Canada falling in the hands of foreigners. It seems to me that it is extremely important—and I am not going to take the time of the Committee to present the arguments that were presented in the House of Commons and elsewhere—for us as a government to do something about this in not only regaining control of our economy but at least ensuring that we do not go any further in the direction of selling our resources to outsiders; that is, selling control of our resources to outsiders. Therefore, I think that this bill should specifically exclude the right of funds to go to foreign-owned corporations.

[Interprétation]

**M. Marchand (Langelier):** Vous avez dit que c'est limité parce que c'est uniquement de la fabrication.

**M. MacDonald (Egmont):** Enfin, si vous parlez du plan compréhensif de développement de l'Île du Prince-Édouard, je suis prêt à en parler. Mais de mettre les deux choses ensemble n'est pas très logique pour moi.

**M. Marchand (Langelier):** Tout ce que je veux dire, c'est que dans certaines régions, dans certaines collectivités, si vous réussissez à établir une usine employant 500 ou 1000 personnes, c'est un actif très important pour cette collectivité. Personne ne dira que c'est là une aide limitée ou restreinte. C'est très important.

**M. MacDonald (Egmont):** À moins qu'il y ait encore 2 ou 3,000 personnes qui soient en chômage ou dont on n'utilise pas le potentiel. À ce moment-là nous n'avons pas vraiment régler le problème en général dans cette région. Voilà ce que je voulais dire.

**M. Marchand (Langelier):** C'est très bien.

**Le président:** Le 7 est-il adopté?

**M. Broadbent:** Monsieur le président, j'aurais un amendement à l'article 7. En substance, cela veut montrer que je me préoccupe grandement de cette question et cela ressemble, quant à l'esprit, à ce qui a été présenté par M. MacDonald. Il s'agit de la propriété des usines au Canada, de ces usines qui sont propriétés d'étrangers au Canada. Je sais que vous vous rappelez, monsieur le ministre, que le professeur Watkins a publié un rapport qui, en plus de certains éditoriaux et articles de journaux, au cours d'un certain nombre d'années a souligné cette tendance presque fatale, si vous me permettez de le dire, si nous ne faisons rien au point de vue de notre dépendance économique, disons fatale, qui amènera la prise en main de notre développement des industries au Canada par des intérêts étrangers. Il me semble qu'il est extrêmement important, je ne veux pas abuser du temps du Comité pour présenter des arguments que j'ai déjà présentés à la Chambre des communes et ailleurs—le gouvernement pour faire quelque chose à ce sujet—on a présenté des arguments partout à ce sujet. Il faut reprendre en main notre économie. Il ne faut quand même pas aller jusqu'à vendre nos ressources à des intérêts étrangers, de vendre le contrôle de nos ressources à des étrangers. En conséquence, je crois que le présent bill devrait exclure les sommes qui

[Text]

I therefore move that a subclause (3) be added to clause 7 of Bill C-202 as follows:

(3) No development incentive may be authorized under this act for the establishment, expansion, or modernization of any facility if the applicant firm or company is non-resident owned or controlled.

The only thing that I would add to what has already been said is that this, of course, would provide the opportunity for foreign involvement in our economy up to the 49 per cent point. Programs of this sort, of course, exist in many countries all around the world. A recent example is Turkey, where private Canadian capital is now working with the Turkish government in a particular program; but the Turkish government being very sensible in this respect has taken the steps to stop at the 49 per cent point of foreign ownership. We seemingly are going to not only not do anything to regain control of the economy,

• 2155

but if the bill as it now stands goes ahead, we are going to actually subsidize foreigners to buy further control of our economy. I think this is something that this legislation should specifically guard against. That is all, Mr. Chairman.

**Mr. Marchand (Langelier):** Mr. Chairman, if we were discussing a piece of legislation applying to the whole Canadian economy, I would be in agreement with most of what you were saying. But we are dealing with regional development. Under your amendment, if an American company and only an American company were ready to go to New Brunswick, for instance, to establish a plant there because of the incentive, and we said, "No. You go to Montreal or Toronto. There you can go but you cannot go to New Brunswick because there is an incentive there", do you think it would be just towards that province?

**Mr. Broadbent:** Mr. Chairman, in a sense that is exactly what I am saying and it is exactly what other countries have taken the care to do to preserve their own autonomy in the world. Mr. Chairman, we could work out

[Interpretation]

pourraient aller à des sociétés propriétés d'intérêts étrangers.

Je propose donc un paragraphe (3) qui dirait à l'article 7, du Bill C-202 qui se lirait ainsi:

(3) Aucun stimulant ne peut être autorisé en vertu de la présente loi pour l'établissement, l'agrandissement, la modernisation d'un établissement si la société ou le requérant sont des étrangers ou des intérêts étrangers ayant le contrôle de la compagnie canadienne.

Ce que je voudrais ajouter à ce qui a déjà été dit, c'est que cela nous fournira l'occasion d'éliminer les intérêts étrangers jusqu'à la limite du 49 p. 100 de notre économie. Des programmes de ce genre existent déjà dans plusieurs pays à travers le monde, et l'exemple le plus récent que je pourrais citer, c'est le cas de la Turquie où les capitaux privés canadiens travaillent en collaboration avec le gouvernement de la Turquie à un programme particulier, mais le gouvernement de la Turquie est fort conscient de la situation et a pris des mesures pour que nous n'ayons que 49 p. 100 du contrôle. Alors, d'après ce que nous proposons ici, il me semble que nous irons non pas aider l'économie, mais si on accepte la mesure législative telle qu'elle est, nous subventionnerons les étrangers pour qu'ils aient un meilleur contrôle sur notre économie. C'est quelque chose qui est mauvais et il faudrait qu'on établisse des mesures protectrices dans cette mesure législative pour éliminer cela. C'est tout, monsieur le président.

**M. Marchand (Langelier):** Monsieur le président, si nous parlions d'une mesure législative qui s'appliquerait à l'ensemble de l'économie canadienne, je serais d'accord avec la plupart de vos arguments. Mais nous traitons ici du développement régional. En vertu de votre amendement, vous savez ce que cela veut dire, cela veut dire que si une société américaine et seulement une société américaine est prête à aller s'installer disons dans le Nouveau-Brunswick, à établir une usine dans le Nouveau-Brunswick, à cause de programmes de subventions, nous avons dit: «Non. Allez à Montréal ou à Toronto. A ce moment-là, vous pouvez aller là, mais vous ne pouvez pas aller dans le Nouveau-Brunswick, parce qu'il y a des subventions là que nous ne pouvons pas vous donner». Croyez-vous que cela serait juste pour la province, si nous faisons cela?

**M. Broadbent:** Monsieur le président, ce que je veux dire c'est que d'autres pays ont pris soin de préserver leur économie. Monsieur le président, permettez-moi de continuer. Nous pouvons en arriver à une entente



[Texte]

a deal. We would have to alter the ownership structure, enter into some agreement with the private firms and maybe they would have just 49 per cent control if they went to New Brunswick.

**Mr. Marchand (Langelier):** Suppose we want development in Newfoundland, for example, and an American company is interested in going to Newfoundland, where no Canadian company in the same activity has any wish to go. This American company would naturally expect the incentive; otherwise it would go to Toronto. Do you think this is the purpose of the law?

**Mr. Broadbent:** No.

**Mr. Marchand (Langelier):** And would you go to Newfoundland and explain that to the people, when the American company can go to Toronto and be exactly on the same footing as the others? Well, you come with me to Newfoundland and you will see what kind of reception you are going to have.

**Mr. Broadbent:** You reveal, Mr. Chairman—the Minister clearly reveals the kind of thinking which has governed this country for a long period of time. And there is a serious difference of opinion. Other countries have done it; they have taken very serious steps. They provide public capital if the private sector will not do it.

**Mr. Marchand (Langelier):** Yes. I would agree with you if we were discussing general legislation applying to the whole Canadian economy. In that case I might share your opinions to a very large extent; but under this particular piece of legislation, where the American capital can go to Toronto, to Vancouver, to Calgary, to Montreal, they are free to do so and there is no objection at all. If for regional development they are not going to be treated in the same way as the other companies, and if they want to go to Newfoundland they have to go on their own without an incentive, it means they will not go.

**Mr. Broadbent:** Mr. Chairman, it seems to me that all the Minister has done is to provide an argument which says that we should be consistent in one sense, in selling out our resources. To follow the conclusion of his argument, I would suggest that we should stop it here...

**Mr. Marchand (Langelier):** No, this is the wrong place to start.

[Interprétation]

où ils pourront modifier la structure des propriétés, où ils pourront en arriver à une certaine entente qu'ils soient propriétaires à 49 p. 100 de l'installation qui ira au Nouveau-Brunswick.

**Mr. Marchand (Langelier):** Prenons le cas du développement à Terre-Neuve, par exemple, une société américaine, où aucune société canadienne n'était intéressée, est allée s'installer dans le même genre d'activités à Terre-Neuve. Cette société américaine s'attendrait naturellement à recevoir les subventions; autrement elle ira s'installer à Toronto. Croyez-vous que c'est là le but de la loi?

**Mr. Broadbent:** Non.

**Mr. Marchand (Langelier):** Alors vous iriez à Terre-Neuve pour essayer d'expliquer aux gens là-bas, alors que la société américaine peut aller à Toronto et être sur un pied d'égalité avec les autres. Venez avec moi et vous verrez le genre de réception que vous recevrez.

**Mr. Broadbent:** Mais non, on ne peut pas faire cela. Tout ce que je peux dire, monsieur le président, le ministre révèle sa façon de penser. C'est une façon de penser qui existe depuis trop longtemps au pays. Sachez que d'autres pays ont pris des mesures pour protéger des industries, que l'on prévoit des capitaux publics si l'industrie ne veut pas y aller.

**Mr. Marchand (Langelier):** Oui, je serais d'accord avec vous si nous ne discussions pas une mesure législative qui n'a pas trait à l'économie entière du Canada. Si cette mesure avait trait à l'ensemble de l'économie, je ne serais pas surpris que vous souleviez cette question. Je partagerais en grande partie vos opinions, mais quand il s'agit de cette mesure législative où le capital américain peut facilement aller à Toronto, Montréal, Calgary, Vancouver, il n'y a absolument aucune opposition, mais quand il s'agirait du développement régional, vous ne les traiteriez pas sur un pied d'égalité avec les autres sociétés et s'il veulent aller à Terre-Neuve, ils n'iront pas à leur compte sans subventions. Vous savez fort bien qu'ils n'iront pas.

**Mr. Broadbent:** Monsieur le président, tout ce que le ministre a fait, c'est de nous donner des arguments qui nous disent que nous devrions être cohérents dans la façon selon laquelle nous vendons nos ressources. Si nous allons à la limite de ces arguments, nous devrions cesser de faire cela.

**Mr. Marchand (Langelier):** Non, c'est le mauvais endroit pour arrêter de le faire.



[Text]

**Mr. Broadbent:** ...stop the foreign control here and then it is up to him, in his capacity of a Minister of the Crown, to urge his Cabinet colleagues to support the national policy which I take him to support.

**Mr. Marchand (Langelier):** This is not a policy. What you are expressing there is not a policy. This is something that is going to destroy the whole thing. If there are three or four companies interested in going into underdeveloped regions and we deny them the incentives so that they will not go, and they go to Toronto or Montreal, do you think that this law is going to stand? The problem you want to solve is a general problem that cannot be solved through this. It would be unjust for these regions. It would mean that the companies could enjoy the advantages of Montreal and Toronto but not the incentives in Newfoundland.

**Mr. Broadbent:** Would the Minister then agree that as this now stands, if it does anything, following the logic of his argument, it encourages the further importation of American control, the further ownership . .

**Mr. Marchand (Langelier):** No.

**Mr. Broadbent:** ...of Canadian industry by outside sources.

**Mr. Marchand (Langelier):** No.

**Mr. Broadbent:** It would not do that?

**Mr. Marchand (Langelier):** No. The only thing we are trying to do with this—and I do not know if we will be successful—is to put the companies which accept to go into those underdeveloped regions or slow-growth regions on exactly the same footing, from a competition point of view, as companies which establish themselves in large centres such as Montreal, Toronto, Calgary, Vancouver and so forth. We say, "You are away from the markets, you have transportation problems. We are going to give you a grant so that you are on exactly the same footing." Exactly the same thing as if they went to Montreal, where they would have to live in exactly the same conditions as the other Canadian companies. So if we do not want the American companies to be on the same footing as the Canadian companies, it must be a general policy throughout Canada—not one which affects only the underdeveloped regions.

[Interpretation]

**M. Broadbent:** C'est mauvais ce qu'il propose en sa qualité de ministre de la Couronne. Qu'il propose donc son programme aux autres ministres.

**M. Marchand (Langelier):** Ce n'est pas une politique. Ceci va détruire le tout. Croyez-vous que s'il y avait trois ou quatre sociétés qui sont intéressées dans une région sous-développée et vous leur niez les subventions, alors elles n'iront pas et elles iront plutôt s'installer à Toronto ou à Montréal, croyez-vous que cette loi continuera? Le problème que vous voulez régler est un problème général qui ne peut pas être réglé par une petite mesure législative comme celle-ci. S'ils peuvent aller à Montréal, ils auront le droit. Ils peuvent aller à Toronto et l'avoir, mais pas à Terre-Neuve.

**M. Broadbent:** Monsieur le ministre, je voudrais être d'accord que si cette mesure est utile, que si cela encourage l'importation additionnelle de capitaux américains, un accroissement de propriété . .

**M. Marchand (Langelier):** Non.

**M. Broadbent:** ... de l'industrie du Canada par les étrangers.

**M. Marchand (Langelier):** Non.

**M. Broadbent:** Elle ne ferait pas cela.

**M. Marchand (Langelier):** Non. Ce que nous tentons de faire, je ne sais pas si nous réussirons, nous tentons d'aider les sociétés qui vont s'installer dans les régions sous-développées ou ces régions dont le développement est lent. Nous voulons les mettre sur le même pied d'égalité au point de vue concurrentiel avec les sociétés qui s'établissent dans les centres importants, comme Toronto, Montréal, Calgary, Vancouver, etc. alors que les sociétés qui vont dans les régions sous-développées vont s'installer loin des marchés. Ils auront des problèmes de transport. Nous leur donnerons des subventions pour les mettre sur un pied d'égalité avec les sociétés qui sont installées à Montréal. Alors nous les placerons sur un pied d'égalité avec les autres sociétés canadiennes. Si nous ne voulons pas que les sociétés américaines soient sur le même pied que les sociétés canadiennes, il faudra établir une politique générale à travers le Canada, pas une qui affecte seulement les régions sous-développées du pays.

## [Texte]

**Mr. St. Pierre:** Mr. Chairman, to add one or two points to what the Minister has said, and dealing with a couple of countries which I am aware have the 49 per cent ownership rule of foreign capital—one is Mexico and the other is Yugoslavia—to the best of my knowledge in both of these this is of general application.

My comment on this is that that I cannot see that Mr. Broadbent has answered the Minister's statement that unless you make your 49 per cent rule of general application you are not reducing the import of foreign capital, you are directing it away from the area where it is needed to the areas where the investment is not needed. I cannot see that Mr. Broadbent has answered this question. With respect to his argument about Turkey, about which I am not familiar, I would imagine that the Turkish 49 per cent rule applies generally and not to incentive areas.

**Mr. Broadbent:** Mr. Chairman, I do not know, for example, if this holds as a general rule in Turkey. I knew it was a particular example. There is, of course, a certain force in the argument presented by the Minister, and I would be prepared to withdraw my amendment gladly if the Minister in turn would assure me that he would start making speeches in the House or in the country that the 49 per cent rule should hold generally.

**Mr. Marchand (Langelier):** No deals.

**Mr. Broadbent:** Would the Minister who has said that he tends to agree with me, agree to do that?

**Mr. Marchand (Langelier):** This is a different subject.

**Mr. Broadbent:** Yes, certainly.

**The Chairman:** Mr. Burton did you have one question?

**Mr. Burton:** Mr. Chairman, I just wanted to comment that it seems to me that we have to give this particular amendment pretty serious consideration. I think it has been stressed a number of times this evening that we have to take some care in how we expend public funds and how we direct the use of the funds. We could through the use of public funds be contributing to the further alienation of Canadian industry and the Canadian resources. This I think is not in the national interest.

The Minister has presented a certain argument that this, in effect, will amount to discrimination against certain regions of the country where we, in fact, are trying to help them develop and are, encouraging their economic expansion. Maybe there are only

## [Interprétation]

**M. St-Pierre:** Monsieur le président, il y a deux points que je voudrais ajouter à ce qu'a dit le ministre, en ce qui a trait à certains pays où il y a une loi qui prévoit une participation de 49 p. 100. Le Mexique et la Yougoslavie, dans ces autres pays cette loi s'applique d'une façon générale dans les deux cas. Je crois que M. Broadbent n'a pas répondu à la déclaration du Ministre. A moins que cette loi de 49 p. 100 ne s'applique d'une façon générale, on ne réduit pas l'afflux des capitaux étrangers, on les enlève à la région qui en aurait besoin pour les investir dans les régions qui n'en ont pas besoin. C'est pourquoi je crois que M. Broadbent n'a pas répondu à la question. Quant à son exposé des relations avec la Turquie, que je ne connais pas tellement, je serais porté à croire que la règle de 49 p. 100 s'applique aux grandes régions, mais non aux régions désignées.

**M. Broadbent:** Monsieur le président, je ne sais pas si c'est la règle générale en Turquie. Je n'y voyais qu'un exemple. L'argument du Ministre a une valeur certaine et je serais prêt à retirer mon amendement si le Ministre, en retour, m'assurait qu'il va commencer à faire des discours à la Chambre des communes et à divers endroits pour que le 49 p. 100 s'applique d'une façon générale.

**M. Marchand (Langelier):** Pas question.

**M. Broadbent:** Le Ministre, qui tend à se rallier à mon opinion, consentirait-il à cela?

**M. Marchand (Langelier):** Il s'agit là d'une autre question.

**M. Broadbent:** Oui, certes.

**Le président:** M. Burton, aviez-vous une question?

**M. Burton:** Monsieur le président, je voulais simplement dire que c'est là un amendement qui mérite une sérieuse considération. Je crois que nous avons souligné à plusieurs reprises qu'il fallait faire preuve de prudence quand il s'agissait de dépenser ou d'administrer des fonds publics. Une mauvaise gestion pourrait contribuer à une aliénation plus prononcée de l'industrie canadienne et des ressources du Canada. Le Ministre prétend qu'il s'agirait d'une discrimination au détriment de certaines régions que nous essayons d'aider économiquement. Peut-être n'y a-t-il que des sociétés américaines ou sous contrôle américain. Le Ministre se rend certainement compte que telle n'est pas la situation. Nous disions un peu plus tôt, lorsque nous parlons d'un amendement antérieur, qu'une société de



## [Text]

American companies or American-controlled companies available. Surely it seems to me that the Minister must have more imagination than to suggest that.

After all, we were talking a little earlier when we were discussing a previous amendment that a Crown corporation is one possibility of dealing with things. The Minister acknowledged that a Crown corporation in some cases may be the best way of dealing with a particular situation. This is one alternative. I do not present it as the only alternative. We have other alternatives involving various forms of industrial and company organization that might be considered.

It seems to me that we could certainly use our imagination to develop forms of organization that will insure that our industry is not alienated from Canadian control. It seems to me that we have to consider our policy of regional development within the context of that broader problem. If we do not do so we are going to wake up and find that our regional development program has been of very little use in the long run.

**The Chairman:** Thank you, Mr. Burton. Are we ready for the question?

**Mr. MacDonald (Egmont):** I think that the proposed amendment attempts to deal with a serious question, but sometimes I think we tend to confuse two things that are not the same, foreign ownership and American ownership. I think that we are in an era of increasing international finance and industry, and if we are pre-occupied solely with keeping out all kinds of foreign investment then I think we are going to be living in a backwater. I do think the degree to which we have been controlled, directly or indirectly, by investment from the United States has not been a healthy thing for the development of this country, at least, not healthy in the long run.

However, I think to take the approach proposed by the amendment is really more of a negative than a positive approach. I would be interested to hear from the Minister the degree to which the Department will both encourage and give priority consideration: first, to Canadian investment where it will be competing specifically with American investment; and second, to see that there is some balance of diversification in the kinds of foreign ownership that will occur.

• 2205

I think that quite obviously there is going to be foreign capital looking seriously at various opportunities in designated regions. If it is foreign capital from only one country then

## [Interpretation]

la Couronne pourrait être une solution au problème. Le Ministre a reconnu que, dans certains cas, une société de la Couronne pouvait être la meilleure solution. C'est une possibilité, mais non la seule. Il y en a d'autres qui pourraient se présenter sous forme d'organisme industriel ou de société. Il me semble que nous pourrions certainement nous servir de notre imagination pour découvrir d'autres formes d'organisation, qui verraient à ce que notre industrie canadienne ne nous échappe pas. Il nous faut situer notre politique d'expansion régionale dans le contexte de ce problème beaucoup plus vaste, sinon nous nous apercevrons un bon jour que notre programme d'expansion régionale n'aura pas eu les résultats qu'on en attendait.

**Le président:** Merci, monsieur Burton. Question?

**M. MacDonald (Egmont):** Je crois que l'amendement proposé s'attaque à un problème sérieux. On est porté à confondre deux choses qui sont bien différentes, les capitaux étrangers et les capitaux américains. De plus en plus, les financiers et l'industrie s'étendent au plan international. Si nous ne nous préoccuons que d'éloigner toutes les formes de capitaux étrangers, nous deviendrons un pays de deuxième importance. Je suis convaincu que la façon importante dont nous avons été contrôlés, directement ou indirectement, n'a pas contribué à l'expansion de notre pays, du moins pas à longue échéance. Je crois que l'amendement est plus négatif que positif. J'aimerais que le Ministre nous dise ce que son ministère entend faire sur les points suivants: premièrement, à propos des investissements canadiens qui seront concurrencés particulièrement par des capitaux américains; deuxièmement, quant à l'équilibre nécessaire d'une diversification des capitaux étrangers.

Il est évident, je crois, qu'il y aura des sociétés qui chercheront à exploiter certaines régions désignées. Si les capitaux ne proviennent que d'un seul pays, il y a alors, lieu de



## [Texte]

I for one would be very concerned. I would hope as well that the Department will be able, not only to give priority consideration to Canadian investment, but to encourage sometimes reluctant Canadian investment. We are notorious in this country for having far too little faith in our own resources and in our own productivity. I think it has been as much the fault of successive governments as it has been of various men of industry.

While it may not be possible at this late date to write in a major change in this legislation along these lines, I certainly would like some assurance from the Minister that he is very much aware of this. If not, there are going to be, I think, some unhappy revelations from time to time when we get reports from the Minister and his officials on the activity under the scope of this legislation.

**Mr. Marchand (Langelier):** I think that you should not understand from what I say that there would be any kind of discrimination in this piece of legislation. I think that it would not be proper to do it. However, we will be bound to follow the policy of the Canadian government.

I believe that we should promote industrial development by Canadian capital in Canada. I am not ready to support the thesis which wants us to buy Canada back overnight or in five or ten years, but I think that we should. The only way to become more independent economically is to develop Canadian industry owned and controlled by Canadians. There is no doubt.

However, there will be no discrimination in the implementation of this law. This is a matter of general policy and this we are ready to follow.

**The Chairman:** Not being able to make a deal tonight, are we ready for the question? I think the amendment has been read.

Amendment negative.

Clause 7 agreed to.

On Clause 8—*Limiting Provisions*.

**Mr. MacDonald (Egmont):** I would like the Minister to elaborate on what seems to me to be a very vague concept that is included in Clause 8. It forms the last two lines and deals with the processing or manufacture of a product not previously manufactured or processed in the operation. This is a nice theory but it would seem to me that there are many problems that will be created in trying to define what in fact, is, a new product.

There is the case of a manufacturer who produces a certain product and who then brings out another model. Does that become a new product? Another example is a chocolate

## [Interprétation]

s'inquiéter. J'espère également que le Ministre non seulement accordera la priorité aux investissements canadiens, mais encore stimulera les réticents. Il est un fait qu'ici, au Canada, nous ne misons pas assez sur nos propres ressources et notre propre productivité. Les responsables sont, selon moi, les gouvernements qui se sont succédés et certains dirigeants industriels. Même s'il est maintenant impossible d'apporter des changements importants à la loi, j'aimerais que le Ministre m'assure qu'il est bien au courant de la situation, sinon, il y aura des situations déplaisantes lorsque le Ministre et ses hauts fonctionnaires feront leurs rapports.

**M. Marchand (Langelier):** Il n'y aura aucune discrimination injuste dans cette loi. Il faut que vous le compreniez bien. Toutefois, nous devons suivre la politique du gouvernement canadien.

Je crois que nous devrions promouvoir l'expansion industrielle du Canada au moyen de capitaux canadiens. Je m'oppose à la thèse qui voudrait que nous rachetions le Canada du jour au lendemain ou dans les cinq ou dix prochaines années, mais la seule façon d'acquiescer notre indépendance économique, c'est d'assurer une industrie canadienne qui appartienne à des Canadiens et qui soit contrôlée par des Canadiens. Cela ne fait aucun doute. Toutefois, il n'y aura aucun discernement injuste dans la loi. C'est une question de politique générale, que nous sommes prêts à respecter.

**Le président:** Alors, puisqu'on ne veut rien retrancher ce soir, est-ce qu'on est prêt à voter? Je crois que l'amendement a été lu.

L'amendement est rejeté.

Article 7 adopté.

Article 8—*Restrictions*

**M. MacDonald (Egmont):** Je voudrais que le ministre nous explique le concept excessivement vague qu'on trouve aux deux dernières lignes de l'article 8 qui parlent de la fabrication ou de la transformation d'un produit qui n'était pas antérieurement fabriqué ou transformé. C'est une belle théorie, mais il me semble que beaucoup de problèmes surgiront lorsqu'on voudra définir ce qu'est un nouveau produit. Si quelqu'un fabrique un certain produit et que, par la suite, il en produise une nouvelle version, s'agira-t-il d'un nouveau produit? Un autre cas serait celui du producteur de chocolat qui commencerait à fabri-

[Text]

bar manufacturer who starts manufacturing safety pins. Does he have to move entirely into a completely different kind of manufacturing operation?

How in actual fact are you going to determine the distinction between what might be a variation of a old product as against one that is completely new without making it so restrictive as to be impossible of fulfilment when a company is contemplating this provision?

**Mr. Marchand (Langelier):** I think that we have to relate that to the new investment that will have to be made and the new processing that will have to be adopted, because this is related to the investment in new industry or new products. Of course, if you use the same machinery and instead of making this type of chair you make this type of table, I do not think that we are going to give grants for that. However, if you enter into a new line and you have to have new machinery and you make new investments, I think that generally speaking... Mr. Kent who probably gave it more thought than I did could be more precise than I can.

• 2210

**Mr. Kent:** Thank you, Mr. Chairman. The criterion really is not whether the product looks or is a bit different but whether it involves a different type of manufacturing process. If it does then it is the equivalent in terms of an investment from the point of view of the company of setting up a new plant. This is really the criterion of whether it counts as a normal expansion to receive only the primary incentive, or a new plant, or the equivalent of a new plant in terms of the diversification of the existing plant so that it requires a different type of machinery, a different type of processing—and the latter case is when the secondary incentive is needed.

**Mr. MacDonald (Egmont):** Obviously then one of the criteria is the investment of new capital.

**Mr. Kent:** A new type of physical capital, a new type of machinery, a new type of processing operation.

**Mr. MacDonald (Egmont):** Right. How does one draw the distinction between the modernization, say, of an assembly line and...

**Mr. Marchand (Langelier):** It is not a new product then; it is only modernization to make exactly the same product.

[Interpretation]

quer des épingles de sûreté. Devra-t-il complètement changer de commerce?

Comment, en réalité, est-ce qu'on va établir la distinction entre un vieux produit qui est un peu changé, et un produit entièrement nouveau, tout en ne rendant pas la vie impossible aux fabricants.

**M. Marchand (Langelier):** Il faut penser à cela en fonction du nouvel investissement qu'il faudra faire, et de la nouvelle transformation qui sera nécessaire, parce que tout ceci se rapporte à l'investissement dans une nouvelle industrie ou de nouveaux produits. Évidemment, si on utilise la même machinerie et qu'au lieu de fabriquer tel genre de chose, vous fabriquez tel genre de table, il ne saurait être question de subvention. Si vous vous lancez dans la fabrication d'un nouveau produit, s'il vous faut de nouvelles machines et si vous faites de nouveaux investissements je crois que, règle générale... M. Kent pourrait peut-être vous donner des renseignements plus précis, parce qu'il a étudié la question plus à fond que moi.

**M. Kent:** Merci, monsieur le président. La question n'est pas tellement de savoir si le produit semble ou est un peu différent, mais s'il s'agit d'un nouveau procédé de fabrication. Si c'est le cas, il ne reste qu'à calculer l'investissement du point de vue de la société qui ouvre sa nouvelle usine. C'est là le vrai critère qui détermine s'il s'agit d'un agrandissement normal, qui ne donne droit qu'à la subvention principale ou s'il s'agit d'une nouvelle usine ou l'équivalent d'une nouvelle usine par rapport à l'usine déjà existante. Une nouvelle machinerie et un nouveau procédé de transformation sont nécessaires pour que soit accordée la subvention secondaire.

**M. MacDonald (Egmont):** Donc, l'un des critères est l'investissement de nouveaux capitaux.

**M. Kent:** Un nouveau genre de capital humain, de machine, et de méthodes d'exploitation.

**M. MacDonald (Egmont):** Alors, quelle distinction y a-t-il entre la modernisation d'une chaîne de montage et...

**M. Marchand (Langelier):** Ce n'est donc pas un nouveau produit; c'est la modernisation pour la fabrication du même produit.



[Texte]

**Mr. MacDonald (Egmont):** But if the assembly line is modernized and the product varies slightly, is that not a new product?

**Mr. Marchand (Langelier):** If it varies slightly, no.

**Mr. Kent:** It has to be a different product requiring a different process.

**Mr. MacDonald (Egmont):** Is one of the criteria that there be the potential for more employment within the industry? Is it considered eligible if it fulfils your definition in terms of new machinery manufacturing a different product provided it employs the same number of people, or does it have to employ more people? What if it employs less?

**Mr. Kent:** A modernization normally would not employ more people and that is why it would receive only the primary incentive. But the move into a new product must entail an expansion, it has to be something on top of the existing production; merely converting the existing production by changing the product a little and putting in new machinery would be a modernization for precisely that reason. However, if the existing products go on, the existing plant is there but the plant is changed also and has a new process, producing a new product, then that does create new employment, certainly, is equivalent to the development of a new plant and, therefore, would have the secondary incentive.

**Mr. MacDonald (Egmont):** It sounds like a trip through Alice in Wonderland. To use the Minister's analogy a few minutes ago about the furniture plant making chairs, if they simply started making tables that would not be a new product, but if they changed the machinery so that they could make tables as well as chairs, that would be. Is that correct.

**Mr. Marchand (Langelier):** If they make chairs?

**Mr. MacDonald (Egmont):** I am using your analogy. You suggested that if a company is equipped to make chairs and then with the same equipment it makes tables, that would not qualify.

**Mr. Marchand (Langelier):** I just gave an example. I have never been in the manufacturing of chairs and tables, but if it needs new machinery, a new process and so forth, perhaps they would be entitled to it.

[Interprétation]

**M. MacDonald (Egmont):** Mais, si l'on modernise les chaînes de montage et si le produit est quelque peu modifié n'est-ce pas là un nouveau produit?

**M. Marchand (Langelier):** S'il est un peu modifié, non.

**M. Kent:** Il faut que ce soit un produit différent qui exige un processus manufacturier différent.

**M. MacDonald (Egmont):** Est-ce l'un des critères qui exige qu'il y ait plus de débouchés dans l'industrie? Peut-il être accepté s'il convient à la définition en ce qui concerne les nouveaux appareils pour fabriquer un différent produit à condition que l'on emploie le même nombre de personnes ou doit-on en employer un plus grand nombre? Qu'arrive-t-il si l'on en emploie moins?

**M. Kent:** La modernisation n'offrirait pas plus de débouchés, c'est pourquoi on leur accordera une subvention primaire. Par contre, la fabrication d'un nouveau produit favorisera sans doute l'expansion: Le fait de changer un produit en modifiant quelque chose et en utilisant de nouveaux appareils favorisera la modernisation. Cependant, si l'on continue à fabriquer le même produit, à la même industrie mais si l'on modifie l'industrie, on modifie également le procédé de fabrication, on fabrique un nouveau produit et on crée de nouveaux débouchés pour l'emploi ce qui équivaut à la mise en marché d'une nouvelle entreprise; nous leur offrons une subvention secondaire.

**M. MacDonald (Egmont):** Cela ressemble un peu à Alice au pays des merveilles. En ce qui concerne la comparaison qu'a effectuée le ministre il y a quelques minutes quand il parlait d'une manufacture de chaises, si l'on décide de fabriquer des tables qui ne seraient pas nouvelles mais s'ils changent l'outillage pour pouvoir fabriquer des tables aussi bien que des chaises; c'est satisfaisant. Est-ce exact?

**M. Marchand (Langelier):** S'ils fabriquent des chaises?

**M. MacDonald (Egmont):** J'utilise votre comparaison. Vous dites que si une compagnie a l'outillage pour fabriquer des chaises et qu'avec le même, elle fabrique des tables, elle ne serait pas admissible.

**M. Marchand (Langelier):** Je donnais simplement qu'un exemple. Je n'ai jamais fabriqué de chaises ou de tables mais si l'on a besoin de nouvelles machines, de nouvelles méthodes, etc., ils auront peut-être le droit.



[Text]

**Mr. MacDonald (Egmont):** But your argument earlier was that if it did not need this new machinery, then you did not think it would qualify as a new product. Now I am asking if it did need new machinery would it be regarded as a new product?

**Mr. Marchand (Langelier):** Not necessarily, if the product is not new.

**Mr. Kent:** Perhaps I could take an example which might clarify it a little more. Suppose a company is making purely wooden furniture, plain wooden chairs, kitchen chairs, and it changed to making other kinds of chairs, upholstered chairs, which do involve a different process entirely. The making of an upholstered chair is quite different from making a plain wooden chair. In that case, most definitely, it would be a new product. But if it was making only wooden chairs and then it switched to making wooden tables, to take that example, the machinery probably would not be significantly different and it might not be a new product. But if it does need new machinery, a different type of process, then it would be. The reason for this provision is

• 2215

that if you do not have this you are discriminating against the existing plants branching out into something new compared with an entirely new plant. You cannot do that. Admittedly, it is going to present some difficulty of definition, but not to provide for this would create very difficult anomalies.

**Mr. MacDonald (Egmont):** Again I go back to my old refrain: it seems to me you have built in difficulties for yourself while at other points leaving limitless space for flexibility. Obviously the Minister can say as a final trump card, "I or my officials can make the decision on what qualifies and what does not", but it does seem to me we are going to have quite a battery of staff added to the Department who will do nothing more than determine whether or not a product is new and whether this is in the interest of regional economic expansion remains very open to question.

**Mr. Marchand (Langelier):** No, because there is a difference in the grants. If it is only modernization, of course the level of grant is 20 per cent of the capital invested, and if it is a new product they are entitled to another 5 per cent plus \$5,000 per job. So we have to have a criterion. You asked if it is related to employment. In the case of modernization it might mean fewer employees than before.

[Interpretation]

**M. MacDonald (Egmont):** Mais vous disiez que si l'on n'avait pas besoin d'un nouvel outillage, nous ne pourrions considérer que l'on fabrique un nouveau produit. Maintenant, je vous demande s'il faut un nouvel outillage pour que ce soit considéré comme un nouveau produit.

**M. Marchand (Langelier):** Pas nécessairement, si ce n'est pas un nouveau produit.

**M. Kent:** Je pourrais vous expliquer cela à l'aide d'un autre exemple. Si une compagnie ne fait que des meubles de bois, des chaises de bois, des chaises de cuisine et qu'elle se met à fabriquer d'autres genres de chaises, par exemple, des chaises rembourrées qui exigent de nouvelles méthodes de fabrication, car entre fabriquer une chaise de bois et une chaise rembourrée, il y a une différence. A ce moment-là, il s'agirait d'un nouveau produit. Mais si l'on faisait des chaises de bois pour ensuite faire des tables de bois, par exemple, on n'aurait pas besoin d'un outillage très différent alors il se peut que ce soit un nouveau produit. Mais s'il faut un nouvel outillage, une autre méthode de fabrication, alors le produit sera différent. La raison de cette

disposition, est que si elle n'y était pas, il y aurait des distinctions injustes entre les entreprises qui font un produit un peu différent et les autres qui fabriquent des produits tout à fait différents. On ne peut faire cela. Évidemment, il y aura des problèmes de définitions qu'il faut prévoir si l'on veut éviter de créer des anomalies.

**M. MacDonald (Egmont):** Je reviens à la même rengaine: vous nous créez vous-même des problèmes pendant que vous oubliez la souplesse. Évidemment, le ministre peut dire finalement: «mes fonctionnaires et moi pourrions prendre la décision quant à ce qui est admissible et ce qui ne l'est pas». Mais, il me semble qu'il y aura tout un tas de fonctionnaires au Ministère qui décideront si un produit est nouveau et s'il favorisera l'expansion économique régionale.

**M. Marchand (Langelier):** Non, parce qu'il y a une différence entre les subventions. Si ce n'est que la modernisation, la subvention s'élève à 20 p. 100 de la mise de fonds, si c'est un nouveau produit, ils ont le droit à un surplus de 5 p. 100, plus \$5,000 par poste créé. Nous devons donc avoir un critère. Vous avez demandé si cela se relie à l'emploi. Quand il s'agit de la modernisation, le nombre de débouchés sera réduit.

[Texte]

**Mr. MacDonald (Egmont):** Right.**Mr. Marchand (Langelier):** However, if you do not do it it might mean the closing down of the plant, so in that sense it helps employment.

Clauses 8 to 10 agreed to.

On Clause 11.—*Where region ceases to be designated.***Mr. MacDonald (Egmont):** In the designation of regions will there be consultation with the provinces?**Mr. Marchand (Langelier):** Yes.**Mr. MacDonald (Egmont):** I do not think it is stated here. I am sorry. In the monedesignation or the undesignation will there also be consultation with the province?**Mr. Kent:** The way in which designation ceases is that under Clause 3 designation made in consultation with the province is "for the period set out in the order". The provision for designation is that the order itself which does the designating is for a term, three years or whatever it might be. Therefore the moment of de-designation comes automatically in the light of the original decision which was made in consultation with the province. Of course there could be another order continuing the designation but that, again, under the terms of Clause 3, would require consultation with the province.**Mr. MacDonald (Egmont):** So there is actual consultation both at the original stage and also later on if there is to be a continuation of the designation.**Mr. Kent:** Yes.

Clause 11 agreed to

On Clause 12—*Incentive exempt from income tax.***Mr. Burton:** Mr. Chairman, I just wanted to ask a couple of questions on Clause 12 which have to do with the exemption of the grant from income tax as such, with which I have no argument. What happens in terms of the portion of the capitalization of a plant which is received in the form of a grant? Does that then become part of the capital structure of the plant on which the industry can claim capital cost allowance?**Mr. Marchand (Langelier):** This was under the old act, the ADA Act; it is no longer true.**Mr. MacDonald (Egmont):** It is no longer true?**Mr. Marchand (Langelier):** No.

[Interprétation]

**M. MacDonald (Egmont):** C'est exact.**M. Marchand (Langelier):** Mais, si on ne modernisait pas, l'entreprise serait obligée de fermer ses portes, alors il y aurait un grand nombre de mises à pied.

Les articles 8 et 10 sont acceptés.

Article 11—*Cas où la région cesse d'être une région désignée***M. MacDonald (Egmont):** Lorsqu'il y aura la désignation des régions, y aura-t-il consultation des provinces.**M. Marchand (Langelier):** Oui.**M. MacDonald (Egmont):** Je ne crois pas qu'on l'ait mentionné ici. Je m'excuse. Y aura-t-il consultation des provinces pour la non-désignation ou le refus des provinces?**M. Kent:** La façon d'effectuer la désignation relève de l'article 3, la désignation doit être faite en consultation avec les provinces et elle est en vigueur «pour la période spécifiée dans le décret.» La loi spécifie la disposition dans le cas de la dé désignation, en disant qu'un décret la limite à un certain temps, trois ans, par exemple. Alors, le moment de la dé désignation arrive automatiquement lors de la décision première qui a été prise en consultation avec les provinces. Il pourrait y avoir un autre décret demandant la poursuite de la désignation mais, en vertu de l'article 3, il faudrait à nouveau consulter les provinces.**M. MacDonald (Egmont):** Alors, il existe véritablement une consultation à l'origine et une autre plus tard lorsqu'il s'agit de renouveler la désignation?**M. Kent:** Oui.

L'article 11 est adopté.

Article 12—*La subvention est exempte de l'impôt sur le revenu***M. Burton:** Monsieur le président, j'aimerais poser deux ou trois questions sur l'article 12 qui traite de la subvention exempte de l'impôt sur le revenu avec lequel je suis d'accord. Que se passe-t-il lorsque des capitaux sont reçus sous forme de subvention. Est-ce que cela est compris dans le capital dont dispose l'usine ou l'industrie peut-elle réclamer une allocation pour ce capital?**M. Marchand (Langelier):** Ceci était vrai lorsque l'ADA était en vigueur, mais, ce ne l'est plus.**M. MacDonald (Egmont):** C'est faux maintenant?**M. Marchand (Langelier):** Non.



## [Text]

Clause 12 agreed to.

On Clause 13—*Condition respecting utilization of manpower services*

**Mr. Burton:** Mr. Chairman, I want to move an amendment to Clause 13. Clause 13, as set out in the marginal note, states conditions

• 2220

respecting utilization of manpower services. It provides as a condition for receiving payments of development incentives that the applicant will keep the Department of Manpower and Immigration informed of vacancies and so on, and it sets out certain requirements that have to be fulfilled. Then Sub-clause (2) provides that this particular condition of making the grant expires on the day that the final payment on account of the development incentive is made.

It seems to me we have to give this rather serious consideration. I do not see why that requirement should expire immediately on the day that the final payment is made. It seems to me that when an industry accepts a grant of public money that in fact its obligation, as set out under this particular clause, should extend for a greater length of time than just the time period during which the money is actually being paid over to the firm. As such I would suggest that an amendment be moved to subclause (2) on page 10. It would have the effect of deleting lines 21, 22 and 23 and of substituting the following words: "ending on the 31st day of December 1976." This, of course, is the life of the legislation. It seems to me that a very good case can be made out for this. We have no less an authority than the Minister of Labour, who made a speech in Montreal very recently. It was reported on May 24 in which he said quite clearly:

Events in Vickers shipbuilding division...

referring to that particular situation.

"convince me more than ever that employers cannot be trusted to live up to their moral obligations"...

Then he went on to say:

His objection to the company's course was based on the fact that its management has had multimillion dollar subsidies from the Federal Government, yet when the fate of the shipbuilding enterprise was in doubt company president J. Eric Harrington steadily refused to accept the manpower department's repeated

## [Interpretation]

L'article 12 est adopté.

L'article 13—*Condition relative à l'utilisation des services de main-d'œuvre*

**M. Burton:** Monsieur le président, je voudrais proposer un amendement à l'article 13. L'article 13 comme on le dit dans la marge

concerne les conditions relatives à l'utilisation des services de la main-d'œuvre. Il stipule que pour recevoir une subvention, le requérant doit s'engager envers le ministère de la Main-d'œuvre et de l'Immigration à le tenir au courant des emplois vacants et des besoins de main-d'œuvre.

Le paragraphe (2) stipule que la condition prescrite s'applique à une période qui se termine le jour du dernier paiement à valoir sur la subvention au développement.

Je crois que nous devrions étudier sérieusement cette question. Je ne comprends pas la raison pour laquelle on exige que la condition s'applique à une période qui se termine le jour du dernier paiement. Je crois que lorsqu'une industrie accepte une subvention qui provient des fonds publics, elle doit comme on le précise dans l'article respecter cette obligation mais elle devrait jouir d'une période plus longue que celle qui se termine le jour du dernier paiement, durant laquelle on remet l'argent à l'entreprise. C'est pourquoi je propose qu'il y ait un amendement au paragraphe (2) à la page 10. Ce qui supprimerait les lignes 21, 22 et 23, et les remplacerait par le libellé suivant: se terminant le 31 décembre 1976. Cela constitue évidemment la durée de la mesure législative. Je crois qu'on pourrait soutenir cela avec de bons arguments. Nous avons autant de pouvoir que le ministre du Travail qui a prononcé un discours à Montréal tout récemment. Et le 24 mai, il a dit très clairement:

Les événements à la division de la construction navale de la Vickers...

se référant à ce cas-là en particulier:

«Je suis persuadé, plus que jamais, que l'on ne peut s'attendre à ce que les employeurs fassent honneur à leurs obligations morales»...

Puis il dit:

Son opposition à l'attitude prise par la compagnie se fondait sur le fait que la direction avait obtenu des subventions de plusieurs millions de dollars de la part du gouvernement fédéral, et cependant lorsque l'avenir de l'industrie de la construction navale était en jeu, le président de la compagnie, M. J. Eric Harrington a ferme-



## [Texte]

offers to assist in relocating the displaced workers.

Mr. Mackasey went on to say:

"Because of the subsidies, companies like this must be forced to take their responsibilities,"

... "They have a moral obligation to work with the manpower department.

"The effects of change must be negotiated—there must be severance pay and there must be notice. When the government is in the process of accelerating change through its subsidies, the obligation to the worker is increased.

"I said this in the auto pact and I say it again now."

The newspaper article goes on in reporting Mr. Mackasey's speech out of quotes.

Events have made it clear that a serious readjustment program could have been launched for the Vickers employees and that the manpower department tried to get one going.

I think this is one example which shows exactly the point made by Mr. Mackasey, and it seems to me that this should be taken into account in this legislation. Thus, I would recommend this amendment to the Committee.

**The Chairman:** Are there any questions? Mr. Marchand.

**Mr. Marchand (Langelier):** This is another case where we will be trying to impose obligations on certain companies that others will not have. The justification for the grants is that they go and locate in such regions. They have to go there, this is the counterpart, because we want to develop this region. Therefore once they have satisfied that, they have satisfied the requirements of the law. Now I agree with you that it is nonsense, not only for those who receive grants, but for any employer in Canada to close a plant with 15 days notice, or the equivalent. This is nonsense, and this is something that should be dealt with on a general plan by a law which will compel the employers to give notice. But to say "Because you have received a grant you are going to have obligations that the other employers do not have" is not satisfactory.

## [Interprétation]

ment refusé d'accepter les offres répétées du ministère de la Main-d'œuvre en vue d'aider à la réaffectation des ouvriers mis à pied.

M. Mackasey continuait en ces termes:

«Étant donné le versement des subventions ce genre de compagnies doivent être forcées d'assurer leurs responsabilités» ... «Ils ont une obligation morale de collaborer avec la division de la main-d'œuvre». Les conséquences du changement doivent faire l'objet de négociations ... il doit y avoir une indemnisation et il doit y avoir un préavis. Lorsque le gouvernement, par l'entremise de ses programmes de subvention, est en train d'accélérer les changements, les engagements envers l'ouvrier augmentent. C'est ce que j'ai dit lors de l'accord canado-américain sur l'automobile et je le répète encore.

L'article dans le journal rapporte le discours de M. Mackasey en citant certains passages:

Les événements ont prouvé qu'un sérieux programme de réadaptation aurait pu être lancé pour les employés de la firme Vickers et que la division de la main-d'œuvre a essayé de mettre sur pied un tel programme.

Je crois que nous avons là un exemple qui fait ressortir exactement ce que M. Mackasey a dit, et il me semble que nous devrions en tenir compte dans cette loi. Par conséquent, je recommande cet amendement.

**Le président:** Y a-t-il d'autres questions? Monsieur Marchand.

**M. Marchand (Langelier):** Voilà un autre cas, où nous tentons d'imposer à certaines sociétés des obligations que d'autres sociétés n'ont pas. Les subventions sont versées aux sociétés qui acceptent d'aller s'établir dans certaines régions. Elles doivent y aller et c'est là la contrepartie, parce que nous voulons développer cette région. C'est pourquoi, une fois qu'elles ont rempli cette condition, elles ont répondu aux exigences de la loi. Je crois que je suis d'accord avec vous que c'est ridicule, non pas seulement de la part de ceux qui reçoivent des subventions, mais de tout employeur au Canada, de fermer une usine en ne donnant que 15 jours de préavis ou à peu près. C'est ridicule, et je pense que cela devrait faire l'objet d'une loi qui exigerait de l'employeur de donner un préavis. Mais, dire qu'en raison des subventions que vous recevez vous aurez des obligations que d'autres employeurs n'ont pas, ne suffit pas.

## [Text]

The reason for the grant is that they go and locate in a region of disadvantage. Therefore this is why I agree with you entirely, and I made speeches in that direction too. I think this should be a general obligation for all the employers, but not exclusively for those who receive grants for particular reasons which are set in the law.

• 2225

Now your amendment is not satisfactory for another reason. We may very well pay part of the grants after December, 1976, because you read the law and you know there are delays. We do not pay grants when the application is made. Therefore you may have grants which will be paid after 1976, and that means those will not have to meet this obligation, and why?

**Mr. Burton:** I would recognize that point. If I could have the permission of the Committee I think that point could be taken account of by a change in my amendment. It could be changed to read: "ending on December 31, 1976, or the day the final payment on account of the development incentive is made, whichever is later."

**Mr. Broadbent:** May I come in, Mr. Chairman, on the Minister's earlier point. He tried to pick me up earlier on a point of logic with which I was in partial agreement, but I think I have him on another point of logic. He said that in some sense it would be discriminatory to treat this industry which will get benefits under this legislation, in seclusion from the rest of industry. Now with respect, Mr. Marchand, that is exactly what you are already doing in the act. Subclause (2) reads:

The condition prescribed by this section shall be effective for the period ending on the day the final payment on account of the development incentive is made.

You have already made such discriminatory provision. So that argument, it would seem to me, goes out. All that we are arguing for is the extension of the time period.

**Mr. Marchand (Langelier):** What paragraph are you reading?

## [Interpretation]

La raison des subventions c'est de compenser les désavantages que la compagnie rencontrera en allant s'installer dans une région défavorisée, sous-développée. J'ai fait des discours à cet effet. Je suis d'accord avec vous. Il faudrait quand même que cela soit une obligation pour tous les employeurs et pas

exclusivement pour ceux qui reçoivent des subventions pour des raisons particulières prescrites par la loi. Une autre raison pour laquelle votre amendement ne satisfait pas est la suivante: Il se peut fort bien que nous payons une partie des subventions après le 31 décembre 1976, parce que vous lisez la loi et vous êtes sûr qu'il y a des délais. Les subventions ne sont pas versées sur réception de la demande. C'est pourquoi, il y aurait des subventions qui seraient versées après le 31 décembre 1976, ce qui veut dire que ces subventions ne seraient pas soumises à ces obligations et pourquoi?

**Mr. Burton:** Je me rends bien compte de ce problème. Par conséquent, avec la permission du Comité, on pourrait régler cela en modifiant mon amendement ainsi: «le dernier en date, se terminant le 31 décembre 1976, ou le jour du dernier paiement à valoir sur la subvention au développement.»

**Mr. Broadbent:** Monsieur le président, puis-je répondre à la question soulevée plus tôt par le Ministre. Il a essayé de m'avoir sur un point de logique au sujet duquel j'étais d'accord, en partie, mais je crois que j'ai à mon tour un autre raisonnement logique. Il a dit que dans un certain sens, il serait discriminatoire de traiter cette industrie, qui obtient des avantages prévus par la loi, différemment des autres industries, de la présente mesure législative. Avec tout le respect que je vous dois, monsieur le ministre, c'est précisément ce que vous faites dans la loi. Le paragraphe 2 dit:

(2) La condition prescrite par le présent article s'applique à une période qui se termine le jour du dernier paiement à valoir sur la subvention au développement.

Vous avez déjà fait cette discrimination dans une des dispositions de la loi. De sorte qu'il me semble que cet argument n'est plus valable. Tout ce que nous discutons c'est la prolongation de la période.

**Mr. Marchand (Langelier):** Quel paragraphe lisez-vous?



[Texte]

**Mr. Broadbent:** It is subclause (2) of Clause 13.

**Mr. Burton:** It is on page 10.

**Mr. Marchand (Langelier):** Yes, this is only for the services, and at this moment we have something to enforce that. We can say: "You are not going to have a grant," but once they have received the grant, how are we going to enforce that?

**Mr. Broadbent:** By making it law.

**Mr. Marchand (Langelier):** Pardon me?

**Mr. Broadbent:** By making it law.

**Mr. Marchand (Langelier):** What penalty will they have?

**Mr. Broadbent:** I think we have another red herring here. Do you want a further amendment which would stipulate the penalty? Are you disagreeing with the principle that we are arguing?

**Mr. Marchand (Langelier):** I do not disagree with the principle. I disagree that we should have this obligation only for those employers. I think that it should be a general rule throughout the country that employers should give notice when they close down a plant.

**Mr. Broadbent:** Let me return the argument. What penalty do you have in mind within the time limit?

**Mr. Marchand (Langelier):** We can refuse to pay the grant. We do not have a penalty, but we have a bargaining power. That is much more forceful than any penalty we can think of.

**Mr. Broadbent:** All right. So one might acknowledge one would have to build into it some penalty, but would you acknowledge that your discrimination argument goes out the window? You are discriminating.

**Mr. Marchand (Langelier):** No, of course we are discriminating throughout the law if you want to—

**Mr. Broadbent:** No!

**Mr. Marchand (Langelier):** Yes, because we say "You have to make an application to have this amount of money and you have to follow the law as it is".

**Mr. Broadbent:** Right, and "You have to meet certain conditions".

**Mr. Marchand (Langelier):** Of course, but it is only of service while they are receiving the

[Interprétation]

**Mr. Broadbent:** Le paragraphe (2) de l'article 13.

**Mr. Burton:** C'est à la page 10.

**Mr. Marchand (Langelier):** Oui, il s'agit seulement des services, et à l'heure actuelle, nous avons quelque chose qui nous permet d'en assurer l'application. Nous pouvons dire: «Nous ne vous accordons pas de subvention,» mais une fois qu'ils ont obtenu la subvention, comment allons-nous l'appliquer?

**Mr. Broadbent:** En stipulant cela dans la loi.

**Mr. Marchand (Langelier):** Plaît-il?

**Mr. Broadbent:** En stipulant cela dans la loi.

**Mr. Marchand (Langelier):** Alors, quel genre d'amende allons-nous prévoir?

**Mr. Broadbent:** Une amende. Nous avons encore un autre problème ici. Vous voudriez dans l'amendement que l'on prévoit une amende? Est-ce que vous rejetez le principe de la discussion?

**Mr. Marchand (Langelier):** Non, non, je suis d'accord avec le principe. Je ne suis pas d'accord que cette obligation s'applique uniquement à certains employeurs. Ce devrait être une règle générale pour tous les employeurs dans tout le pays.

**Mr. Broadbent:** Je vais poser la question autrement. Quelle pénalité envisagez-vous dans les délais prévus?

**Mr. Marchand (Langelier):** Nous pouvons refuser de payer la subvention. Nous n'avons pas de pénalité, mais nous avons un atout en main. C'est bien plus efficace que toute forme de pénalité.

**Mr. Broadbent:** Bon, d'accord. Disons qu'il nous faudra prévoir une certaine pénalité, mais admettriez-vous que votre argument de discrimination passe par la fenêtre. C'est vous qui faites preuve de discrimination.

**Mr. Marchand (Langelier):** Il est évident que nous faisons preuve de discrimination tout au long de la loi...

**Mr. Broadbent:** Non.

**Mr. Marchand (Langelier):** Oui, parce que nous disons «Pour obtenir ce montant, il vous faut présenter une demande, et vous devez suivre la loi telle qu'elle est.»

**Mr. Broadbent:** D'accord, et «vous devez remplir certaines conditions.»

**Mr. Marchand (Langelier):** Certainement, mais cela ne vaut que lorsqu'ils reçoivent la



## [Text]

grant, because at this moment we do not know yet how it is going to go. We still exercise certain controls, there is no doubt about that. But once it is done, and they have received the grant; the plant is in operation, and we say from that moment on: "You are exactly like the other companies, because the reason why you received the grant is because you located your enterprise in that region and for no other reason. For the rest you are subjected to the general law of Canada." So, there is your point which you raised, but I think it should be dealt with through general legislation. That is all. I entirely agree with you, and on this I am ready to commit myself and make a speech in the House.

## ● 2230

**Mr. Burton:** Mr. Chairman, I just want to make one more point further to the point already made by Mr. Broadbent. As he noted, this legislation already does impose conditions. It is involved with the whole process of requiring the company to make a locational decision in turn for receiving certain compensation, a certain monetary reward. But the purpose of encouraging that company to make the locational decision is again as is set out in the title to the Bill. It is to develop productive employment opportunities in those regions. Now it seems to me then if you are going to make certain that you have achieved your objective in that regard, that you are going to have to provide for a term longer than is set out here in the Bill, as it is presently drafted.

**Mr. Marchand (Langelier):** This is a matter of opinion and I think you are right on that point. I agree with you and I am not going to discuss that, but I think it should be dealt with through general legislation.

**The Chairman:** Are we ready for the question?

**Mr. Marchand (Langelier):** I do not think we would profit by this if we imposed all kinds of obligations, because they received a grant.

**The Chairman:** It has been read into the Minutes. All in favour? Those against?

Amendment negatived.

**The Chairman:** Shall Clause 13—

**Mr. MacDonald (Egmont):** Mr. Chairman, on this clause I want to deal with a somewhat

## [Interpretation]

subvention, car en ce moment, nous ne savons pas comment cela fonctionnera et nous exerçons encore certains contrôles. Cela ne fait aucun doute. Mais une fois que c'est fait et qu'ils ont reçu les subventions, l'usine fonctionne et à partir de ce moment-là nous disons: «vous êtes sur un pied d'égalité avec les autres compagnies, parce que la raison pour laquelle vous avez reçu la subvention, c'est que vous vous installez dans une région défavorisée et pour aucune autre raison. Pour tout le reste vous êtes soumis aux lois du Canada. Alors voilà le point que vous avez soulevé, mais je crois qu'on devrait la régler par des mesures législatives d'une portée plus générale. C'est tout. Je suis parfaitement d'accord avec vous et je suis même prêt à faire un discours à la Chambre à ce sujet.

**Mr. Burton:** Monsieur le président, j'aimerais ajouter quelque chose à ce qui a déjà été dit par M. Broadbent. Comme il l'a dit, cette loi impose des conditions. Cela exige que les compagnies prennent une décision quant à l'endroit où elles s'installeront pour recevoir une certaine compensation pécuniaire. Mais le but pour lequel on encourage cette compagnie à s'installer là, c'est à nouveau tel qu'indiqué au titre du Bill. C'est de favoriser les possibilités d'emplois productifs dans les régions défavorisées. Il me semble que si vous devez vous assurer que vous avez réalisé vos objectifs à cet égard, il vous faudra prévoir une période de temps plus longue que celle qui est mentionnée dans le présent bill.

**Mr. Marchand (Langelier):** Enfin, c'est une question d'opinion. Vous avez raison en partie, je suis d'accord avec vous en partie, mais je crois que cela devrait relever d'une loi générale couvrant toutes les industries au Canada.

**Le président:** Êtes-vous prêts pour les questions?

**Mr. Marchand (Langelier):** Je ne pense pas que cela nous profiterait d'imposer toutes sortes d'obligations parce qu'ils ont obtenu des subventions.

**Le président:** Cela a été inscrit dans le compte rendu. Êtes-vous tous d'accord? Ceux qui ne le sont pas?

Amendement rejeté.

**Le président:** L'article 13...

**Mr. MacDonald (Egmont):** Monsieur le président, pour ce qui est de cet article, je veux

## [Texte]

different point. I think the issue raised by the two previous members had to do primarily with the question of notice and the possible dislocation of a great deal of employment. I am concerned about another aspect of paragraph (b) of Clause 13. It goes a good deal beyond the previous ADA legislation which really had a general reference to the National Employment Service and the use of those facilities. Yet I am not certain how compulsive this paragraph (b) is suppose to be. Perhaps I can obtain clarification from the Minister or the Deputy Minister. The paragraph reads:

(b) participate in and cooperate with the Department in respect of any programs of the Department related to employment counselling, placement and manpower adjustment, mobility and training.

Does that mean that if a Canada Manpower Centre in a particular region comes to an industry that has received assistance under this legislation and says, "We know that you have space for 10 people; you have put out a circular saying you need 10 men; we have 10 men, and we are placing these people with you", and they reply, "You cannot do that; we have some right to decide who we want to employ", they can say, "Under the legislation to which you agreed when you received this assistance, you agreed to participate and cooperate"? The term "participate" does seem to have a fairly legalistic sanction with regard to, in fact, accepting the specific recommendations concerning personnel for employment or for other kinds of activity as it suggests in this particular clause.

**Mr. Marchand (Langelier):** I do not think that this clause gives more power to the Canada Manpower Centres than the centres have under the law which regulates them. The only thing that the Canada Manpower Centre can do is to offer workers to the employer. This does not add any power to the Canada Manpower Centre.

**Mr. MacDonald (Egmont):** To clear this up very quickly, what in fact you are saying is that the Canada Manpower Centre has no more power over the industries who have qualified under this legislation than industries who have not received assistance under this legislation. Is that correct?

**Mr. Marchand (Langelier):** No, not more power. It is not the Canada Manpower Centre

## [Interprétation]

traiter d'un point quelque peu différent. Je crois que le problème soulevé par les deux autres membres concerne avant tout la question de l'avis et de la disparition éventuelle d'un grand nombre d'emplois. Un autre aspect de l'alinéa b) de l'article 13 m'intéresse aussi. Cela va au-delà des programmes de l'ADA, qui mentionnent en général le Service national de l'emploi et l'utilisation de ce service. Alors, quelles sont les exigences? Est-ce que l'alinéa b) est obligatoire? J'aimerais avoir des explications à ce sujet, du ministre ou du sous-ministre. L'alinéa se lit ainsi:

à participer et collaborer, à l'occasion, avec le Ministère, aux programmes de celui-ci qui ont trait à l'orientation, au placement, au recyclage, à la mobilité et à la formation professionnelle de la main-d'œuvre.

Est-ce que cela veut dire que les centres de main-d'œuvre du Canada, dans une région donnée, vont venir voir une industrie qui a reçu de l'aide en vertu de la présente Loi et lui dire: «nous savons que vous avez de la place pour dix employés; selon votre circulaire, vous avez besoin de dix employés. Nous avons dix personnes, ici, qui cherchent un emploi, alors nous vous demandons de les prendre.» Alors, on nous répond: «vous ne pouvez faire cela; c'est à nous de prendre des décisions; nous avons le droit de décider qui nous voulons prendre.» On peut nous dire: «en vertu de la mesure législative que vous avez adoptée, lorsque vous avez reçu cette assistance, vous avez accepté de participer et de collaborer?» Le mot «participer» semble imposer des sanctions juridiques obligeant la compagnie à accepter les recommandations des centres de main-d'œuvre concernant le personnel, aux fins d'emploi et d'autres genres d'activités, comme le souligne cet article.

**M. Marchand (Langelier):** Je ne crois pas que cet article donne plus de pouvoirs aux centres de main-d'œuvre du Canada que les centres ne détiennent en vertu de la loi qui les régit. La seule chose que puissent faire ces centres, c'est d'offrir des ouvriers aux employeurs. Cela ne leur donne pas plus de pouvoirs.

**M. MacDonald (Egmont):** Il serait fort bien de tirer la chose au clair. Vous dites donc que le centre de main-d'œuvre du Canada n'a pas plus d'autorité sur les industries qui ont reçu ces subventions que sur les autres industries qui n'ont pas reçu d'aide en vertu de la loi, n'est-ce pas?

**M. Marchand (Langelier):** En effet. Ce n'est pas le centre de main-d'œuvre, mais le minis-



[Text]

but the Department that can say if there is really a lack of co-operation, as happened in a case in Montreal not so long ago when the employer said, "We do not want this service. We do not want counselling. We do not want anyone to deal with our employees". This is a clear case, if it happened the way it was reported, where we can say, "All right. This is your attitude, then wait for the last portion of the grant". This is the only power we have.

We cannot say to this employer, "You are going to hire 10 more employees, otherwise you are not going to have a grant". This is not the type of power we have.

**Mr. MacDonald (Egmont):** Not necessarily 10 more, but simply being put in the position of having to accept the employees that are being...

**Mr. Marchand (Langelier):** Like a Liberal instead of a Conservative?

• 2235

**Mr. MacDonald (Egmont):** No, I am not even thinking of it in that sense. I just wanted to clarify this. You have already indicated that there is a lever of further payments. A firm would almost have to live at the beck and call of a particular Canada Manpower Centre that in many cases, I would think, would not have the full appreciation of the needs of industry as much as industry itself would. I fully concur with the concern raised by the two previous members, but I feel as well that if these industries are to be on any kind of equal footing with other industries, they should not be placed in a position of harassment, which is one thing I wondered about at least in this particular clause.

**Mr. Marchand (Langelier):** When we are in the process of paying the grants, of course we want to be certain that all requirements of the law are respected. I think it is normal that we ask, in those cases, that our Canada Manpower Centre be consulted or supply the work force. In certain places in Canada we may be in competition with other placement offices. Under the law, until all the grants are paid they will have to go to our Canada Manpower Centre. The Canada Manpower Centre will not have any additional power, and they cannot treat one employer any differently from another.

[Interpretation]

tère, qui peut dire s'il y a vraiment un manque de coopération, comme par exemple, à Montréal, il n'y a pas si longtemps, quand l'employeur a dit: «on ne veut pas de ce service. On ne veut pas ce service d'orientation. On ne veut pas qu'on s'occupe de nos employés». Alors, c'était là un cas très net, très clair—si cela est arrivé ainsi—où on peut dire: «bon, puisque c'est là votre attitude, tant pis, vous attendrez le dernier versement de la subvention.» C'est le seul pouvoir que nous avons.

Mais on ne peut pas dire à l'employeur: «Vous allez embaucher dix autres employés, autrement, vous n'aurez pas de subvention». Nous n'avons pas ce pouvoir.

**M. MacDonald (Egmont):** Non, je n'ai pas parlé de dix autres, mais simplement de l'obligation d'accepter des employés qui sont...

**M. Marchand (Langelier):** Alors, vous voulez dire d'après l'allégeance politique?

**M. MacDonald (Egmont):** Non, il n'est pas question de ça du tout. J'ai voulu clarifier ce point parce que vous avez déjà indiqué qu'on peut exercer des pressions en fonction des paiements. Une société devrait presque vivre aux crochets d'un centre de la main-d'œuvre qui, dans bien des cas, je crois, ne connaîtrait pas les besoins de l'industrie; aussi bien que celle-ci. Je suis, moi aussi conscient du problème soulevé par mes deux collègues, mais j'ai l'impression que ces industries pourraient être sur un pied d'égalité avec les autres industries et ne devraient pas être placées dans une telle position qu'on puisse les harceler, ce qui m'inquiète.

**M. Marchand (Langelier):** Lorsque nous versons une subvention, on va bien sûr s'assurer que toutes les dispositions de la loi sont respectées. Alors, à ce moment-là, je crois qu'il est normal qu'on exige qu'on consulte le centre de main-d'œuvre, ou qu'il fournisse la main-d'œuvre. Dans certains endroits, au Canada, comme vous le savez, on a la concurrence d'autres bureaux de placement. En vertu de la loi, jusqu'à ce qu'on ait versé toutes les subventions, on devra s'adresser à notre centre de main-d'œuvre. Le centre de main-d'œuvre n'aura pas d'autres pouvoirs, et on doit traiter tous les employeurs de la même façon.

Les articles 13 et 14 sont approuvés.

Article 15, règlements

Clauses 13 and 14 agreed to.

On Clause 15—Regulations



[Texte]

**Mr. Broadbent:** I have something on that, Mr. Chairman. I would like to have added at the end of Clause 15 a new subclause.

**The Chairman:** Mr. Broadbent, excuse me for just a moment. I passed over that because I thought when we discussed it that it was to be in as Clause 18. I might say that there are two amendments, both of them identical with the exception of the first three words. What is proposed is that Clause 16 read:

Within forty days after the coming into force of this Act and monthly thereafter, the Minister shall table in Parliament a report respecting the administration of the Act, or, if Parliament is not then in session, within fifteen days after the commencement of the next ensuing session.

I believe the amendment that you were going to propose was:

The Minister shall, as soon as possible, for the end of each fiscal year, prepare a report on the administration of this act during that fiscal year, and shall cause such a report to be laid before Parliament, forthwith, upon the completion thereof, or if Parliament is not sitting, on any of the first 15 days next thereof that Parliament is sitting.

I wonder if we could have some agreement other than on the time limit. Basically the amendments are the same.

**Mr. Broadbent:** The principle is the same, certainly.

**The Chairman:** Now it becomes a question of whether "as soon as possible" or "forty days" is the desirable amendment.

**Mr. Burton:** The key difference between these two amendments is that one asks for an annual report. That is the amendment that we are proposing, whereas Mr. MacDonald's amendment, as I understand it, really provides for a monthly report.

**The Chairman:** Yes. I am sorry Mr. Burton, you are right.

**Mr. Broadbent:** So there is a difference in substance then.

**The Chairman:** I prefer yours.

**Mr. Broadbent:** Yes. Perhaps I could speak to mine at this point. I have decided to enter it after Clause 15, which would constitute a new Clause 16.

**The Chairman:** That is in agreement.

20536—5

[Interprétation]

**M. Broadbent:** J'ai quelque chose à dire à ce sujet, monsieur le président. Je voudrais qu'on ajoute un nouveau paragraphe à la fin de l'article 15.

**Le président:** Monsieur Broadbent, si cela ne vous dérange pas, j'ai sauté cet article parce que je croyais qu'il s'agissait de l'article 18, quand nous en avons discuté. Il y a deux amendements qui sont identiques, à l'exception des trois premiers mots. L'un propose que l'article 16:

Le Ministre doit, dans les quarante jours qui suivent l'entrée en vigueur de la présente loi et à chaque mois par la suite, ou, si le Parlement ne siège pas alors, dans les quinze jours qui suivent la reprise de la session, soumettre au Parlement un rapport sur l'administration de la présente loi.

Je crois que l'amendement que vous alliez proposer se lit comme suit:

Le ministre doit préparer dès que possible, à la fin de chaque année financière, un rapport sur l'exécution de la présente loi au cours de cette année financière, et doit faire déposer ce rapport au Parlement dès qu'il est terminé, ou, si le Parlement n'est pas en session, dans les 15 jours qui suivent la reprise de la session.

Je me demande si on pourrait se mettre d'accord sur autre chose que le délai. Essentiellement, les amendements sont les mêmes.

**M. Broadbent:** Certainement. Le principe est le même.

**Le président:** Alors, il s'agit maintenant de savoir si «dès que possible», ou bien «quarante jours», est l'amendement approprié.

**M. Burton:** La différence clé entre ces deux amendements, c'est que l'un exige un rapport annuel. C'est celui que nous proposons, alors que l'amendement de M. MacDonald, si j'ai bien entendu, exige un rapport mensuel.

**Le président:** Oui. Je m'excuse, monsieur Burton, vous avez raison.

**M. Broadbent:** Alors, il y a une différence essentielle entre les deux.

**Le président:** Je préfère le vôtre.

**M. Broadbent:** Oui. Je pourrais peut-être parler du mien, maintenant. J'ai décidé de l'ajouter à l'article 15, ce qui constituerait un nouvel article 16.

**Le président:** Nous sommes d'accord.

[Text]

**Mr. Broadbent:** I think it is self-explanatory in one sense. It seems to me that a bill with the importance that this one will have or should have to Canada does require very careful scrutiny about its success. To argue in advance about Mr. MacDonald's amendment, I think a monthly report would not be feasible for the kind of in-depth analysis that I am suggesting should be provided at the end of each fiscal year. I think Parliament should be presented with an assessment of its program on an annual basis. We should have very serious critical observations made. For exam-

• 2240

ple, we have had programs in the past, ADA being a good example, where no serious analysis or comment, at least other than the internal working documents of the Department, were ever presented. That in substance is my argument in defence of the amendment.

**An hon. Member:** Mr. Chairman, would you mind reading the complete amendment again?

**Mr. Broadbent:** Yes, it reads:

The Minister shall, as soon as possible, for the end of each fiscal year, prepare a report on the administration of this act during that fiscal year, and shall cause such a report to be laid before Parliament, forthwith, upon the completion thereof, or if Parliament is not sitting, on any of the first 15 days next thereof that Parliament is sitting.

**Mr. Marchand (Langelier):** I agree on the principle. With regard to the legalities, I am trying to see what can be done. The annual report will be tabled in the House, so it will be possible to have the analysis you want. It might be useful to have a monthly report in order that you may follow what is going on. In the law creating the Department, we have to make an annual report to the House, and this report will include that which is concerned with the implication and the implementation of this proposed Act. We can add a monthly report if you wish. Mr. Kent drafted the amendment as he saw it in covering both cases. Maybe you can read it, because I cannot understand your handwriting.

**Mr. Kent:** I apologize for the illegibility of my writing. The point is, Mr. Chairman, that the in-depth report is, in a sense, provided for under the provision for a departmental

[Interpretation]

**M. Broadbent:** Je crois que cela s'explique de soi-même, d'une façon. Il me semble qu'un bill aussi important que celui-ci, qui est très important pour le Canada, doit donc être examiné attentivement pour en assurer le succès. J'aimerais parler de l'amendement de M. MacDonald. Je ne crois pas qu'un rapport mensuel soit vraiment possible pour permettre une analyse approfondie qui, d'après moi, devrait être faite à la fin de chaque exercice financier. Je crois que le Parlement devrait recevoir une évaluation de chacun des programmes, chaque année, de façon à pouvoir

faire des observations. Par exemple, nous avons eu des programmes dans le passé, comme le programme ADA, où il n'existait pas d'analyse, de commentaires, sauf le travail ordinaire de vérification. Enfin, voilà, cela résume mes arguments en faveur de l'amendement.

**Une voix:** Monsieur le président, pourriez-vous me lire à nouveau l'amendement?

**M. Broadbent:** Voici:

Le ministre doit préparer dès que possible, à la fin de chaque année financière, un rapport sur l'exécution de la présente Loi au cours de cette année financière, et doit faire déposer ce rapport au Parlement dès qu'il est terminé, ou, si le Parlement n'est pas en session, dans les 15 jours qui suivent la reprise de la session.

**M. Marchand (Langelier):** Je suis d'accord en principe. C'est seulement quant aux modalités d'application que je ne pourrais me prononcer. Vous savez que nous avons le rapport annuel qui est déposé à la Chambre, où il sera possible, à ce moment-là, d'avoir l'analyse que vous voulez faire. Ce pourrait être utile d'avoir un rapport mensuel de façon à pouvoir avoir une idée de l'état d'avancement du programme et des différents projets. Je crois que, d'après ce que vous avez dans la loi créant le ministère, nous devons avoir un rapport annuel, qui est présenté à la Chambre, et vous avez dans ce rapport tout ce qui concerne l'application et la mise en vigueur de la présente loi. Nous pouvons, si vous le désirez, ajouter un rapport mensuel. M. Kent a rédigé l'amendement de façon à comprendre les deux cas. Peut-être pourriez-vous le lire, je ne comprends pas votre écriture.

**M. Kent:** Je m'excuse pour ma mauvaise calligraphie. Monsieur le président, le fait est qu'en un sens, ce rapport approfondi est prévu dans le cadre du rapport annuel du



## [Texte]

annual report. The current monthly reporting which the Minister in previous statements said he would be happy to give, of the current operation of the legislation, could be covered in a section in this legislation. However after consulting with a lawyer, I wonder if we could suggest a form of words which we think would conform with the normal habits of the Department of Justice draftsmen and, indeed, take the same sort of form as is taken in the section of the departmental legislation referring to the annual report? That would mean saying something like this in the new Clause 16:

The Minister shall, within forty days after the coming into force of this Act and monthly thereafter, or, if Parliament is not then sitting, on any of the first five days thereafter that Parliament is sitting, submit to Parliament a report respecting the administration of this Act.

It is the same sense exactly, but it shortens the 15 to 5 days. It conforms to what I think is the normal legal pattern.

**Mr. Broadbent:** Was someone else going to comment?

**Mr. St. Pierre:** Would you change your amendment to that, Mr. Broadbent?

**Mr. Broadbent:** No, I think the last comments of Mr. Kent referred to Mr. MacDonald's amendment on the monthly report.

**Mr. Kent:** That is right.

**Mr. Broadbent:** My amendment deals exclusively with the annual report. I would like to return to what the Minister had to say on that. It seems to me that the annual report of the Department, as such, will not go into the kind of detail that I suggest that a careful assessment of this specific program requires. There are many items included in the annual report.

**Mr. Marchand (Langelier):** If you have the monthly report giving all the details, and then have the annual report after, do you not think that you will be lacking something?

**Mr. Broadbent:** Yes. I am not sure what will go into the monthly report. However, it seems to me that annual reviews in business or government are very standard and very sensible. There is, of course, an obvious sense of arbitrariness whether you take a one-year period, or a two-year period, for a sustained

## [Interprétation]

ministère. Quant au rapport mensuel que le ministre dit être disposé à fournir, il pourrait en être question dans l'un des articles de la loi. Cependant, après consultation avec un avocat, je me demande si je pourrais donner à cet article une forme acceptable pour les rédacteurs juridiques du ministère de la Justice et conforme à celle de l'article de la loi concernant le rapport annuel. Mon projet d'amendement porterait l'article 16 suivant:

«Le Ministre devra, dans les quarante jours suivant l'entrée en vigueur de cette Loi et chaque mois, par la suite, ou, lorsque le Parlement n'est pas en session, dans les cinq jours suivant le début de la session, présenter au Parlement un rapport sur l'application de cette Loi.»

C'est exactement dans le même sens, sauf que les 15 jours sont remplacés par 5. Ce texte est, je pense, conforme aux normes juridiques ordinaires.

**M. Broadbent:** Me permettez-vous un commentaire monsieur le président, si personne d'autre ne veut en faire?

**M. Saint-Pierre:** Renoncez-vous à votre amendement en faveur de celui de M. Kent, Monsieur Broadbent?

**M. Broadbent:** Non, je pense que les dernières observations de M. Kent se rapportaient à l'amendement de M. MacDonald concernant le rapport mensuel.

**M. Kent:** Exact.

**M. Broadbent:** Mon amendement traite exclusivement du rapport annuel. Je voudrais revenir sur ce que le ministre a dit à ce propos. Il me semble que le rapport annuel du ministère n'entrera pas dans le genre de détails que je crois devoir figurer dans une appréciation de ce programme en particulier. Il y a plusieurs rubriques dans un rapport annuel.

**M. Marchand (Langelier):** Vous avez le rapport mensuel avec tous les détails, puis un rapport annuel. Pensez-vous que cela est encore insuffisant?

**M. Broadbent:** Je ne sais pas ce que les rapports mensuels renfermeront. Cependant, les rapports annuels des entreprises ou du gouvernement sont standardisés en quelque sorte et sont très logiques. Le fait d'établir un rapport sur un ou deux ans est une chose arbitraire. Je voudrais pour ma part voir une



[Text]

analysis. I would like to see an over-all analysis of a program done on an annual basis. The

• 2245

qualitative content, if you like, it seems to me, would be substantially different from a series of monthly reports.

**The Chairman:** Mr. Broadbent, I would like to interject here for a second. If we do go ahead with the monthly reports and then, keeping these in mind, we get to the annual report which, of course, will come in front of this Committee, and we should have a following report that will give us the knowledge to study it in the Committee, if at that time any member of the Committee finds that it has not been taken care of to his satisfaction, then we could always go to the Department and ask for clarification on any point that may be troubling him.

**Mr. Marchand (Langelier):** I sincerely think your point is covered because the annual report is going to do exactly what you want. We are going to make an analysis. It will be in general terms, of course. You will have statistics, I presume. You will have the monthly report to inform you as to what it is all about.

**Mr. Broadbent:** Perhaps you could clarify a point for me, Mr. Minister. When you made reference to the annual report, you meant your Department as a whole.

**Mr. Marchand (Langelier):** Yes, and there will be a section for this law in the report; you will have the detail there monthly; therefore, I think you have everything you want. We are going to make the analysis in the report; this is the purpose of the report. I am trying to see what you want, which would not otherwise be included.

**Mr. Broadbent:** Perhaps this is in part related to the fact that I am a new member of Parliament and have not seen the annual reports of that many departments as yet.

**Mr. Marchand (Langelier):** This is a new Department too.

**Mr. Broadbent:** This is a new Department; therefore, I would be going on faith to a considerable extent if I were to say, "Oh, well, that is fine, I will withdraw my amendment," because I do have a certain idea in general terms of what I would expect in the annual report, in assessment of this Bill alone.

[Interpretation]

analyse d'ensemble du programme chaque année. Le contenu d'un rapport annuel, me

semble-t-il, est différent de celui d'une série de rapports mensuels.

**Le président:** Monsieur Broadbent, permettez-moi d'intervenir. Nous voudrions poursuivre l'examen de la question des rapports mensuels. Les rapports annuels viendront ensuite. Si, à ce moment, l'un des membres du Comité n'est pas satisfait, il pourrait toujours demander des éclaircissements au ministère.

**M. Marchand (Langelier):** Je crois sincèrement que votre demande est satisfaite, parce que le rapport annuel vous donnera tous les renseignements que vous désirez. Il renfermera une analyse qui sera, bien entendu, générale. Il renfermera des statistiques je présume. Vous avez également des rapports mensuels qui vous indiqueront tout ce qui se sera passé.

**M. Broadbent:** Pouvez-vous nous donner des éclaircissements sur ceci. Ce rapport annuel dont vous parlez, ne portera-t-il pas sur l'ensemble de votre ministère?

**M. Marchand (Langelier):** Oui, mais il renfermera une partie sur cette loi. Il y aura également des rapports mensuels qui vous donneront les détails. Je pense donc que vous trouverez tout ce que vous voulez. Le rapport contiendra une analyse. C'est d'ailleurs là son but. J'essaie de comprendre qu'est-ce que vous voudrez avoir exactement qui n'existe pas déjà?

**M. Broadbent:** Le fait est peut-être, en partie, que je ne suis député que depuis une courte période de temps et je n'ai donc pas eu l'occasion de voir un grand nombre de rapports annuels des différents ministères.

**M. Marchand (Langelier):** Le ministère est nouveau lui aussi.

**M. Broadbent:** Si je renonçais à mon amendement, je ne pourrais pas m'appuyer sur des faits, je n'aurais qu'une vague idée de ce que le rapport annuel renfermera à propos de ce projet de loi.

[Texte]

**Mr. Marchand (Langelier):** However, even with your amendment, we do not know exactly what the annual report will be.

**Mr. Broadbent:** No, we may have some questions to raise about that too.

**Mr. Marchand (Langelier):** We intend to do it in the way that you want it, with as much detail as possible.

**Mr. Burton:** I do not doubt that there will be some good reporting carried out in the annual report; I do not want to downgrade the quality of what may be expected in that regard; I am sure it will be competent and good. It seems to me, however, that the basic point involved here is that we are embarking upon a new program development, a program development where, in fact, a great deal of flexibility is provided as has been noted in our discussions. It seems to me that this does carry with it a need to consider a more careful evaluation and analysis of the program as it develops than might otherwise be the case. I cannot say for certain either, as a new member as is Mr. Broadbent.

I note that there are a number of special reports put out with respect to certain acts passed by Parliament. There is an annual report; in some cases it is because the operation of the act is somewhat separate and distinct from the operations of a government department. In other cases, I have noted that there have been reports issued on the operation of an act which did come within the framework of departmental operations. Therefore, I cannot really comment on where the line is to be drawn. It is probably a question that has been looked into from time to time by government officials as well.

It seems to me really that the basic point is that in dealing with this new program which we are now embarking on, that we do have to be very careful as to how we proceed. I think that there is a great need for adequate public discussion and participation in that discussion, of the program as it develops. We have heard a great deal about the matter of participation, as some of the people here know, during the past year. To support this need, I would like to make reference to the comments of the Economic Council of Canada, in their most recent Annual Review, in the chapter dealing with regional aspects of federal economic policies, where they say:

... there should be continuing, comprehensive and systematic appraisal of alternative policy measures to improve regional balance.

[Interprétation]

**M. Marchand (Langelier):** Mais, même avec votre amendement, vous ne pourriez savoir ce que ce rapport renfermera exactement.

**M. Broadbent:** Non, et nous aurions certaines questions à soulever à ce propos aussi.

**M. Marchand (Langelier):** Nous nous proposons de le faire de la façon que vous voulez, c'est-à-dire de la façon la plus détaillée possible.

**M. Burton:** Je ne doute pas que votre rapport annuel sera très bon. Je suis sûr que la qualité en sera excellente. Cependant, il me semble que la question fondamentale qui se pose, c'est qu'il s'agit d'un tout nouveau programme dans le cadre duquel, il sera possible d'agir avec une assez grande discrétion, comme cela a été mentionné au cours de nos discussions. Il me semble que cela nécessite une évaluation et une analyse très soignée du programme, au fur et à mesure de son application, une analyse plus attentive qu'il aurait ordinairement été nécessaire de faire. Je ne suis pas certain. Je suis aussi nouveau au Parlement que M. Broadbent.

Je remarque que certaines lois adoptées par le Parlement font l'objet de rapports spéciaux, parfois parce que l'application de la loi est quelque peu distincte des opérations normales du ministère, d'autres fois, parce que la loi n'entre pas dans le cadre des travaux du ministère. Je ne sais pas exactement où se trouve la limite. C'est une question qui a certainement été discutée de temps à autre par les hauts fonctionnaires du gouvernement.

Cependant, pour ce nouveau programme, il me semble que nous devrions faire attention à la façon dont nous procédons. Nous avons grand besoin de discussions publiques à mesure que l'application du programme avance. Nous avons souvent entendu parler de la question de la participation. J'aimerais, à ce propos, relever certains passages du dernier rapport annuel du Conseil économique du Canada, au chapitre traitant des aspects régionaux de la politique économique fédérale. Ils disent:

Le rapport affirme la nécessité d'une évaluation continue, compréhensive et systématique des mesures visant à assurer l'équilibre régional.



## [Text]

They also go on to say:

The absence of a clear commitment to improved regional balance and of comprehensive and systematic assessment of policy alternatives will inevitably mean conflict, waste, frustration and the ultimate failure of policy.

Further on they say that there is:

... possible conflict between maximum national economic growth and improved regional balance. There would be no difficulty if the means adopted to accelerate the rate of growth of income per person in the lagging regions would simultaneously raise the national rate of economic growth.

• 2250

They further state that there are doubts with regard to various aspects of this question. They deal with the matter of "federal system of shared responsibilities" in our country, and they also note:

...the federal government must be prepared to experiment with new innovations in policy approaches and development techniques in the lagging regions. This calls, in turn, for specially designed and much more technically advanced research and policy-planning, together with improved administrative machinery, both at the centre of federal government decision-making and within the regions.

I would suggest that by having a special report on the operations of this proposed Act and the implications of having a section calling for such a report, we could focus a more adequate level of public discussions on the operations of this Act as the program develops.

**Mr. Marchand (Langelier):** I am happy that you used the term "operations" which is wider than the word "administration". If you read Article 40 of the Act pertaining to the department, you will see that the Department shall submit to Parliament a report showing the operations of the Department of Regional Economic Expansion for that fiscal year. What are you asking for in your amendment? You are asking that a report be prepared on the administration of this Act during the fiscal year. What does it add? I think that what we already have is wider than what you are proposing; we add a monthly report on top of that.

**Mr. Broadbent:** Mr. Chairman, may I give the Minister an example that has been drawn to my attention? IRDIA in the Department of

## [Interpretation]

Il ajoute que:

le défaut de faire cela mènerait inévitablement à des conflits, à du gaspillage, à de la déception et, finalement, à l'échec de la politique appliquée.

Le rapport parle aussi:

...de conflit possible entre un développement national poussé au maximum et un équilibre régional amélioré. Il ajoute qu'il n'y aurait aucune difficulté si les moyens adoptés pour accélérer le relèvement du revenu individuel dans les régions sous-développées pouvaient élever, dans le même temps le taux national d'expansion économique.

Le rapport poursuit en disant que:

...différents aspects de cette question suscitent des doutes. Il parle du «programme fédéral de responsabilité partagée» au Canada et souligne que le gouvernement fédéral doit être disposé à appliquer une nouvelle politique pour expérimenter les projets et les techniques de développement dans les régions sous-développées. Cela, ajoute le rapport, nécessite une recherche et une planification beaucoup plus poussées et un appareil administratif amélioré, tant à l'administration centrale que dans les régions.

Je pense qu'en prévoyant dans la loi la rédaction d'un rapport spécial sur l'application du programme, on pourrait mieux assurer une discussion publique, à mesure que le programme avance, sur les mesures prises dans le cadre de la loi.

**M. Marchand (Langelier):** Je suis heureux de vous entendre parler de «mesures prises dans le cadre de la loi», expression plus vaste qu'«application de la loi». A l'article 40 de la loi portant création du ministère, il est prévu que celui-ci présenterait au Parlement un rapport traitant des mesures prises pendant l'année financière. Que demandez-vous dans votre amendement? Vous demandez qu'un rapport soit rédigé sur l'application de la loi pendant l'année financière. Alors, qu'est-ce que cela ajoute? Je crois que la disposition que nous avions allait encore plus loin que celle que nous venez de proposer. Nous y ajoutons, en effet, un rapport mensuel.

**M. Broadbent:** Est-ce que je peux donner au ministre un exemple? La Loi stimulant la recherche et le développement scientifiques,



## [Texte]

Industry, Trade and Commerce, specifically requires that an annual report be presented on the operation of that Act itself. At the same time, in the annual report of the Department, there is a reference made to IRDIA. However, the difference is that the annual report on IRDIA itself is a much more detailed and systematic analysis than what you find in the annual report of the Department referring to this proposed Act.

**Mr. Marchand (Langelier):** Tell me, in your amendment, what kind of further guarantee do you have than that which we have in the Act instituting the Department?

**Mr. Broadbent:** We take a lot on faith, Mr. Marchand.

**Mr. Marchand (Langelier):** All right, so do it. That means that we exactly meet what you ask, and we intend to do more. We want to give a monthly report so that you can analyse the annual report in the light of the monthly report, where you will have all the details. I am saying that we will add something more to your proposed amendment. Therefore, I do not see that there is any ground for debate at this moment.

**An hon. Member:** Let us have the question.

**The Chairman:** I think before we have the question, we will have to find out whether or not Mr. MacDonald and Mr. Broadbent are content to withdraw their amendments, and in its place accept the amendment that was read by Mr. Kent.

**Mr. Broadbent:** No.

**The Chairman:** That is fine.

**Mr. Broadbent:** Nice try.

**The Chairman:** It is proposed to amend Bill No. C-202 by adding a new Clause 18.

**Mr. Broadbent:** I move that the Minister shall, as soon as possible, for the end of *each fiscal year*, prepare a report on the administration of this act during that fiscal year, and shall cause such a report to be laid before Parliament, forthwith, upon the completion thereof, or if Parliament is not sitting, on any of the first 15 days next thereof that Parliament is sitting".

**The Chairman:** All those in favour? Opposed?

Amendment negatived.

**The Chairman:** Mr. MacDonald, do you now wish to comment on yours?

## [Interprétation]

administrée par le ministère du commerce, exige qu'un rapport annuel soit présenté sur l'opération et le fonctionnement de cette Loi. En même temps, dans le rapport annuel du ministère, référence est faite à la Loi. La différence, c'est que le rapport annuel de la Loi est beaucoup plus détaillé et constitue une analyse plus fouillée que la référence qui en est faite dans le rapport du ministère.

**M. Marchand (Langelier):** Alors, dans votre amendement, quel genre d'autres garanties avez-vous que celles de la Loi instituant le ministère?

**M. Broadbent:** On vous croit sur parole, monsieur Marchand.

**M. Marchand (Langelier):** Eh bien faites-le. Cela veut dire que nous avons exactement l'intention de faire ce que vous exigez, et nous avons l'intention d'en faire plus. Nous désirons éditer un rapport mensuel ainsi vous pourrez analyser le rapport annuel à la lumière de rapport mensuel, où vous trouverez tous les détails. Alors, est-ce que cela ajoute quelque chose de plus? Je ne vois pas qu'il y ait une différence d'opinions à ce moment-là.

**Une voix:** Laissez-nous donc avoir un vote.

**Le président:** Avant de voter, il reste à savoir si oui ou non M. MacDonald et M. Broadbent sont prêts à retirer leur amendement, et à accepter l'amendement de M. Kent?

**M. Broadbent:** Non.

**Le président:** C'est bien.

**M. Broadbent:** Vous avez bien essayé!

**Le président:** On propose d'amender le bill C-202, pour ajouter un nouvel article 18.

**M. Broadbent:** Je propose que: «Le Ministre doit préparer dès que possible, à la fin de chaque année financière, un rapport sur l'exécution de la présente loi au cours de cette année financière, et doit faire déposer ce rapport au Parlement dès qu'il est terminé, ou, si le Parlement n'est pas en session, dans les 15 jours qui suivent la reprise de la session.»

**Le président:** Tous ceux qui sont en faveur? Tous ceux qui sont contre?

L'amendement est rejeté.

**Le président:** Est-ce que vous voulez, monsieur MacDonald, faire un commentaire sur votre amendement?

[Text]

**Mr. MacDonald (Egmont):** I think the rewording of it is the same as the amendment I proposed. It is really a question of draftsmanship. If the legal beagles in the Department of Justice want it that way, that is fine with me, because it achieves the same purpose.

**The Chairman:** I do not think you have to read that amendment again.

All those in favour of the amendment?

**Mr. MacDonald (Egmont):** Just to be correct, that is a new Clause 16, is it not?

**The Chairman:** That will be a new Clause 16; Clause 16 will now become Clause 17.

**Mr. MacDonald (Egmont):** We are going backwards. Before leaving Clause 15, I would

• 2255

like to raise a question on 15 (b). Is the intent of this Clause that for different regions there will be a prior designation as to the optimum, amount of assistance that will be available to industry?

**Mr. Marchand (Langelier):** Yes. This provides that sometimes we can determine different maximums if we want to phase out, if the region is growing and so forth. Therefore, we would not need to give the same amount of grants; there is flexibility and we can do it.

**Mr. MacDonald (Egmont):** But these will be published and known in advance, will they?

**Mr. Marchand (Langelier):** Oh, yes.  
Clause 15 agreed to.

**The Chairman:** The new Clause 16 will be the proposed amendment.

Clause 16 agreed to.

**The Chairman:** The existing Clause 16 will now be known as Clause 17.

Clause 17 agreed to.

**The Chairman:** The existing Clause 17 will now be known as Clause 18.

Clause 18 agreed to.

Clause 1 agreed to.

Preamble agreed to.

Title agreed to.

**The Chairman:** Shall I report the Bill as amended?

**Some hon. Members:** Agreed.

[Interpretation]

**M. MacDonald (Egmont):** Je crois que c'est là le même amendement que j'avais proposé. C'est une question de rédaction et de libellé. Alors, les deux choses reviennent au même.

**Le président:** En effet, je ne crois pas qu'on ait besoin de relire cet amendement. Tous ceux qui sont en faveur de l'amendement? Tous ceux qui sont contre?

**M. MacDonald (Egmont):** Pour être exact, il s'agit bien du nouvel article 16?

**Le président:** C'est le nouvel article 16. L'ancien article 16 devient l'article 17.

**M. MacDonald (Egmont):** J'aimerais parler de 15 b) pour ma part. Que se propose-t-on

par ce 15 b)? Voulait-on que pour différentes régions, il y ait une désignation préalable quant au montant maximum d'aide qui sera disponible pour l'industrie?

**M. Marchand (Langelier):** Oui. Cela stipule qu'à certains moments, nous pouvons déterminer différents maximums, si nous voulons diminuer les paiements si la région est en plein développement de vue croissance. Nous ne voulons pas donner le même montant de subventions dans tous les cas, alors, nous avons la souplesse possible.

**M. MacDonald (Egmont):** Cette annonce sera publiée et connue à l'avance?

**M. Marchand (Langelier):** Oui.  
L'article 15 est adopté.

**Le président:** Alors, nous voici au nouvel article 16?

L'article 16 est adopté.

**Le président:** L'article 16 actuel est maintenant connu sous le nom d'article 17.

L'article 17 est adopté.

**Le président:** L'article 17, maintenant l'article 18.

L'article 18 est adopté.

L'article 1 est adopté.

Le préambule est adopté.

Le titre est adopté.

**Le président:** Voilà, est-ce que je dois faire rapport du bill tel que modifié à la Chambre?

**Des voix:** D'accord.

[Texte]

**Mr. Marchand (Langelier):** I would like to thank you very much, for your co-operation. You have been very kind.

**The Chairman:** I might say that since we have been so successful in reaching a meeting of the minds, there will not be a meeting tomorrow morning.

[Interprétation]

**M. Marchand (Langelier):** Je vous remercie beaucoup messieurs de votre collaboration. Merci encore une fois. Vous avez été très aimables.

**Le président:** Je vois que puisque nous avons connu un tel succès, il n'y aura pas de réunion demain matin.

La séance est levée.













